NEW ISSUE

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 2000 Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except that no opinion is expressed as to the exclusion of interest on any 2000 Bond for any period during which such 2000 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is (a) a "substantial user" of the facilities financed with the proceeds of the 2000 Bonds or (b) a "related person." The interest on the 2000 Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. In the opinion of Bond Counsel, under existing statutes, interest on the 2000 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein.

$53,000,000

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

Multi-Family Rental Housing Revenue Bonds (Related – West 89th Street Development), 2000 Series A

Dated: Date of Delivery **Price 100%** **Due: November 15, 2029**

The 2000 Bonds will be issued as fully registered bonds in the initial denomination of $100,000 or any whole multiple of $100,000. The 2000 Bonds will be issued in book-entry form only, in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on and principal of the 2000 Bonds will be payable by United States Trust Company of New York, as trustee for the 2000 Bonds, to Cede & Co., as nominee of DTC. Purchasers of the 2000 Bonds will not receive physical delivery of bond certificates. The 2000 Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or otherwise as described herein.

The 2000 Bonds relate to a project located in the Borough of Manhattan, New York (the "Project"). The Project is owned by KBF Related Amsterdam Partners, L.P., a Delaware limited partnership (the "Mortgagor") and was originally financed with bonds issued by the New York City Housing Development Corporation. The 2000 Bonds are being issued to finance a Mortgage Loan to the Mortgagor in order to refinance the Project.

Payment of principal and interest on the 2000 Bonds will be secured, to the extent described herein, by certain revenues and assets pledged under the Resolution pursuant to which the 2000 Bonds are being issued, all as described herein. The principal of, interest on and Purchase Price of the 2000 Bonds are payable from funds advanced under a Credit Enhancement Instrument issued by Fannie Mae, with respect to the Mortgage Loan. The Credit Enhancement Instrument will terminate on November 20, 2029, unless earlier terminated. Fannie Mae's obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Credit Enhancement Instrument are absolute, unconditional and irrevocable.

The 2000 Bonds are subject to optional and mandatory redemption at the times and in the events set forth in the Resolution and described herein.

The 2000 Bonds are being issued as variable rate obligations which will bear interest from their date of issue to and including March 7, 2000 at a rate per annum set forth in a certificate of the Corporation delivered on the date of issue of the 2000 Bonds. Thereafter, the 2000 Bonds will bear interest at the Weekly Rate, as determined from time to time by PaineWebber Incorporated, payable on the fifteenth day of each month, commencing on the fifteenth day of March, 2000, unless the method for determining the interest rate on the 2000 Bonds is changed to a different method or the interest rate is converted to a fixed rate to maturity.

During the period that the 2000 Bonds bear interest at the Weekly Rate, any 2000 Bond shall be purchased upon demand by the owner thereof, at a purchase price of par plus accrued interest, on any Business Day, upon seven (7) days' notice and delivery of a tender notice with respect to such 2000 Bond to United States Trust Company of New York, as described herein. The 2000 Bonds will be subject to mandatory tender for purchase upon a change in the method of determining the interest rate on such 2000 Bonds or upon provision of an Alternate Security for the then-existing Credit Facility. The 2000 Bonds will also be subject to mandatory tender for purchase in other circumstances (as well as redemption prior to maturity) as described herein.

This Official Statement in general describes the 2000 Bonds only while the 2000 Bonds bear interest at a Weekly Rate.

The 2000 Bonds are special obligations of the New York City Housing Development Corporation, a corporate governmental agency, constituting a public benefit corporation of the State of New York. The 2000 Bonds are not a debt of the State of New York or The City of New York and neither the State nor the City shall be liable thereon, nor shall the 2000 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.

FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE 2000 BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT INSTRUMENT. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT ENHANCEMENT INSTRUMENT ARE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY-CHARTERED STOCKHOLDER-OWNED CORPORATION, AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE 2000 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR OF ANY AGENCY THEREOF, OR OF FANNIE MAE, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FANNIE MAE.

The 2000 Bonds are offered when, as and if issued and received by the Underwriter and subject to the unqualified approval of legality by Hawkins, Delafield & Wood, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for Fannie Mae by its Office of General Counsel and by its Special Counsel, Torys, New York, New York. Certain legal matters will be passed upon for the Mortgagor by its Counsel, Swidler Berlin Shereff Friedman, LLP, Washington, D.C. and New York, New York, Battle Fowler LLP, New York, New York and Michael H. Orbison, Esq. Certain legal matters will be passed upon for the Underwriter by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York. It is expected that the 2000 Bonds will be available for delivery in New York, New York on or about March 2, 2000.

PAINEWEBBER INCORPORATED

Dated: February 22, 2000

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2000 Bonds to any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by the New York City Housing Development Corporation or the Underwriter to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing.

The information set forth herein has been obtained from the New York City Housing Development Corporation; Fannie Mae; the Mortgagor (in the case of information contained herein relating to the Mortgagor, the Mortgage Loan and the Project); and other sources which are believed to be reliable. Such information herein is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by any of such sources as to information from any other source. No representation or warranty is made, however, as to the accuracy or completeness of such information and nothing contained in the Official Statement is, or may be relied on as, a promise or representation by the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the New York City Housing Development Corporation, Fannie Mae or the Mortgagor, since the date hereof.

Fannie Mae has not provided or approved any information in this Official Statement except with respect to the description under the heading "FANNIE MAE," takes no responsibility for any other information contained in this Official Statement, and makes no representation as to the contents of this Official Statement. Without limiting the foregoing, Fannie Mae makes no representation as to the suitability of the 2000 Bonds for any investor, the feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role with respect to the 2000 Bonds is limited to executing and delivering the Credit Enhancement Instrument described herein to the Trustee.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2000 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE 2000 BONDS TO CERTAIN DEALERS AND DEALER BANKS AND OTHERS AT A PRICE LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

IN MAKING ANY INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CORPORATION, THE MORTGAGOR, THE PROJECT, FANNIE MAE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

$53,000,000
Multi-Family Rental Housing Revenue Bonds
(Related-West 89th Street Development), 2000 Series A

This Official Statement (including the cover page and appendices) provides certain information concerning the New York City Housing Development Corporation (the "Corporation") in connection with the sale of $53,000,000 aggregate principal amount of its Multi-Family Rental Housing Revenue Bonds (Related-West 89th Street Development), 2000 Series A (the "2000 Bonds"). The 2000 Bonds are to be issued in accordance with the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law, constituting Chapter 44-b of the Consolidated Laws of the State of New York, as amended (the "Act"), and pursuant to a resolution entitled "Multi-Family Rental Housing Revenue Bonds (Related-West 89th Street Development) Bond Resolution" adopted by the Members of the Corporation on February 14, 2000. Such resolution, as amended and supplemented from time to time, is herein referred to as the "Resolution." Pursuant to the Resolution, bonds issued thereunder are equally and ratably secured by the pledges and covenants contained therein and all such bonds, including the 2000 Bonds, are herein referred to as the "Bonds." United States Trust Company of New York will act as trustee for the 2000 Bonds (the "Trustee"). Certain defined terms used herein are set forth in Appendix A hereto.

INTRODUCTION

The Corporation, which commenced operations in 1972, is a corporate governmental agency constituting a public benefit corporation of the State of New York (the "State"). The Corporation was created by the Act for the purpose of providing and encouraging the investment of private capital in safe and sanitary dwelling accommodations in the City of New York within the financial reach of families and persons of low income, which includes families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, through the provision of low interest mortgage loans. The Act provides that the Corporation and its corporate existence shall continue at least so long as bonds, notes or other obligations of the Corporation shall be outstanding.

The 2000 Bonds relate to a project located at 189 West 89th Street in the Borough of Manhattan, New York (the "Project") which was originally financed with bonds of the Corporation. The Project is owned by KBF Related Amsterdam Partners, L.P. (the "Mortgagor"). See "THE PROJECT AND THE MORTGAGOR." The 2000 Bonds are being issued to finance a mortgage loan (the "Mortgage Loan") to the Mortgagor to refinance the Project.

Concurrently with, and as a condition precedent to, the issuance of the 2000 Bonds, the Corporation will cause to be delivered to the Trustee an irrevocable, direct-pay credit enhancement instrument, dated the date of issuance of the 2000 Bonds, executed and delivered by Fannie Mae (the "Credit Enhancement Instrument"). Fannie Mae will advance funds under the Credit Enhancement Instrument to the Trustee with respect to the payment of: (i) principal of the Mortgage Note in an amount sufficient to pay the principal of the 2000 Bonds when due by reason of acceleration, redemption, defeasance or stated maturity (other than an optional redemption or acceleration of the 2000 Bonds that Fannie Mae has not consented to) and (ii) up to 35 days' interest thereon (computed at the Maximum Rate) in an amount sufficient to pay the interest on the 2000 Bonds when due on or prior to their stated maturity date. Fannie Mae will also advance funds under the Credit Enhancement Instrument to the Trustee up to the principal amount of the 2000 Bonds and interest thereon (computed at the Maximum Rate) for up to 35 days in order to pay the Purchase Price of 2000 Bonds tendered and not remarketed. The Credit Enhancement Instrument will expire on November 20, 2029, unless terminated earlier in accordance with its terms, as described herein. The Credit Enhancement Instrument constitutes a "Credit Facility" and the "Initial Credit Facility" under the Resolution and Fannie Mae constitutes a "Credit Facility Provider" and the "Initial Credit Facility Provider" under the Resolution.

The Mortgage Note and Mortgage are to be assigned, pursuant to an assignment agreement (the "Assignment"), by the Corporation to the Trustee and Fannie Mae, as their interests may appear, subject to the

reservation by the Corporation of certain rights. The Trustee will assign the mortgage rights assigned to it to Fannie Mae but will retain the right to receive payments relating to the Principal Reserve Fund deposits subject to Fannie Mae's right to direct the Trustee to assign its entire interest in the Mortgage Loan to Fannie Mae. (See "SECURITY FOR THE BONDS-Credit Enhancement Instrument.")

The 2000 Bonds are special obligations of the Corporation payable solely from payments under the Mortgage Loan and other Revenues pledged therefor under the Resolution, including any investment earnings thereon, all as provided in accordance with the terms of the Resolution. In addition the 2000 Bonds are payable from advances under the Credit Enhancement Instrument or any Alternate Security. See "SECURITY FOR THE BONDS."

The Mortgagor will enter into a Reimbursement Agreement (the "Reimbursement Agreement") with Fannie Mae pursuant to which the Mortgagor will agree to reimburse Fannie Mae for any payments made by Fannie Mae under the Credit Enhancement Instrument. The Reimbursement Agreement includes as an event of default thereunder a default under any Borrower Document. Upon an event of default under the Reimbursement Agreement, Fannie Mae, at its option, may direct the mandatory tender or mandatory redemption of all or a portion of the 2000 Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT – The Reimbursement Agreement – Events of Default" and "– Remedies," "DESCRIPTION OF THE 2000 BONDS – Redemption of 2000 Bonds – Mandatory Redemption Following an Event of Termination" and "DESCRIPTION OF THE 2000 BONDS – Credit Facility Provider's Right To Cause a Mandatory Tender for Purchase of 2000 Bonds Upon an Event of Termination."

The 2000 Bonds will initially bear interest at the Weekly Rate, to be determined weekly and as otherwise described herein by PaineWebber Incorporated as remarketing agent for the 2000 Bonds (in such capacity, the "Remarketing Agent"). Under certain circumstances, and with the prior written consent of Fannie Mae, the method of calculating the interest rate borne by the 2000 Bonds may be changed from time to time to a different method provided for in the Resolution or the interest rate may be converted to a fixed rate to maturity. See "DESCRIPTION OF THE 2000 BONDS." The 2000 Bonds are subject to a maximum interest rate of twelve percent (12%) per annum, subject to adjustment in accordance with the Resolution.

During any period of time in which the 2000 Bonds bear interest at the Weekly Rate, such 2000 Bonds are subject to purchase at a price equal to 100% of the principal amount of such 2000 Bonds plus accrued and unpaid interest thereon to the date of purchase (the "Purchase Price"). Such purchase shall be made upon demand of the owner thereof on any Business Day upon seven days' prior notice delivered to the Trustee prior to 4:00 p.m., New York City time. The 2000 Bonds are also subject to mandatory tender for purchase and are subject to optional and mandatory redemption as set forth in the Resolution and described herein. Payment of the Purchase Price of tendered 2000 Bonds that are not remarketed shall be paid with amounts provided pursuant to the Credit Enhancement Instrument. As more fully described herein, the loss of exclusion of interest on the 2000 Bonds from gross income for Federal income tax purposes would not, in and of itself, result in a mandatory tender or redemption of the 2000 Bonds.

This Official Statement in general describes the 2000 Bonds only while the 2000 Bonds bear interest at the Weekly Rate.

The 2000 Bonds are not a debt of the State of New York or The City of New York and neither the State nor the City shall be liable thereon, nor shall the 2000 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged therefor. The Corporation has no taxing power.

FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE 2000 BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT INSTRUMENT. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT ENHANCEMENT INSTRUMENT ARE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY-CHARTERED STOCKHOLDER-OWNED CORPORATION, AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE 2000 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR OF ANY AGENCY THEREOF, OR OF FANNIE MAE, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FANNIE MAE.

Descriptions of the 2000 Bonds and sources of payment, the Corporation, Fannie Mae, the Mortgagor, the Project, the Mortgage Loan, the Credit Enhancement Instrument, the Resolution, the Reimbursement Agreement and certain related agreements are included in this Official Statement. All summaries or descriptions herein of documents and agreements are qualified in their entirety by reference to such documents and agreements and all summaries herein of the 2000 Bonds are qualified in their entirety by reference to the Resolution and the provisions with respect thereto included in the aforesaid documents and agreements. Copies of the Resolution are available for inspection at the office of the Corporation. The Corporation has covenanted in the Resolution to provide a copy of each annual report of the Corporation (and certain special reports, if any) and any Accountant's Certificate relating thereto to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Accounts and Reports" herein. Other than as so covenanted in the Resolution, the Corporation has not committed to provide any information on an ongoing basis to any repository or other entity or person. The Mortgagor has covenanted that in the event the Mortgagor exercises its right to convert the interest rate of the 2000 Bonds to a Term Rate or a Fixed Rate, the Mortgagor will execute a continuing disclosure agreement satisfactory to the Corporation and the Remarketing Agent prior to such conversion.

THE CORPORATION

Organization and Membership

The Corporation, pursuant to the Act, consists of the Commissioner of The City of New York Department of Housing Preservation and Development ("HPD") (who is designated as Chairperson of the Corporation pursuant to the Act), the Commissioner of Finance of The City of New York (the "City") and the Director of Management and Budget of the City (such officials to serve ex-officio), and four public members, two appointed by the Mayor of the City and two appointed by the Governor of the State of New York. The Act provides that the powers of the Corporation shall be vested in and exercised by not less than four members. The Corporation may delegate to one or more of its members, officers, agents or employees such powers and duties as it deems proper.

Members

RICHARD T. ROBERTS, Chairperson and Member ex-officio. Mr. Roberts was appointed Commissioner of HPD effective March 3, 1997. He most recently served as Vice President of Government and Community Relations at the Mount Sinai Medical Center. Prior to that, Mr. Roberts was an Assistant to the Mayor of the City from 1994 to 1995. From January 1993 to 1994, Mr. Roberts served as Vice President of The Edison Project, a private enterprise which manages public schools. Mr. Roberts started his career in 1989 as an associate at the law firm of Davis Polk & Wardwell. Mr. Roberts is a graduate of Yale University and Yale Law School and is a member of the New York Bar. He also serves as a trustee of the Brooklyn Children's Museum.

BILL GREEN, Vice-Chairperson and Member, serving pursuant to law. Mr. Green has served as a Board member of The Housing Partnership Development Corporation since 1993. Mr. Green has also served as a Board member of the General American Investors Company, a New York Stock Exchange listed closed-end investment company, since January 1993. Previously, he represented New York's 15th Congressional District in the U.S. House of Representatives for eight terms, from February 14, 1978 to January 1993. From 1981 to 1992, he served on the House Appropriations Committee and was the Ranking Republican Member of its Veterans Affairs, Housing and Urban Development, and Independent Agencies Subcommittee. Mr. Green co-chaired the National Commission on Severely Distressed Public Housing from 1991 to 1992. Prior to his election to the Congress, from 1970 to 1977, he was the Regional Administrator of the U.S. Department of Housing and Urban Development for the federal region which included New York, New Jersey, Puerto Rico and the Virgin Islands. Before that Mr. Green was a member of the New York State Assembly from 1965 to 1968. From 1961 to 1964, he served as Chief Counsel to the New York Joint Legislative Committee on Housing and Urban Development. Mr. Green has also been an attorney in private practice in New York City.

ROBERT M. HARDING, Member ex-officio. Mr. Harding was appointed Director of the Office of Management and Budget in July, 1998. Prior to that, Mr. Harding served as the Director of State Legislative Affairs for The City of New York. He is admitted to the New York State Bar and the United States District Court for the Southern, Eastern and Northern Districts of New York. He attended Brooklyn Law School after graduating from the State University of New York at Plattsburgh. From 1987 to 1997 he served as an Adjunct Clinical Professor of Law at the Albany Law School.

ANDREW S. ERISTOFF, Member ex-officio. Mayor Rudolph W. Giuliani appointed Mr. Eristoff as Commissioner of the New York City Department of Finance on July 6, 1999. Prior to his appointment, Mr. Eristoff served as a Member of the Council of the City of New York, representing the Fourth District of Manhattan, which encompasses much of the borough's East Side. First elected in a February 1993 special election, he was re-elected to four-year terms in November of 1993 and in 1997. A Republican-Liberal, then-Council Member Eristoff served as the Chair of the Council's Task Force on Technology in Government. He also sat on the Committees on Governmental Operations, Contracts, and Parks, Recreation, Cultural Affairs, and International Intergroup Relations. Commissioner Eristoff is a graduate of Georgetown University Law Center and Princeton University.

HARRY E. GOULD, JR., Member, serving pursuant to law. Mr. Gould is Chairman, President and Chief Executive Officer of Gould Paper Corporation, the largest privately owned independent distributor of printing paper in the United States. He was Chairman and President of Cinema Group, Inc., a major independent film financing and production company, from 1982 to May 1986, and is currently Chairman and President of Signature Communications Ltd., a new company that is active in the same field. He is a member of the Board of Directors of Domtar, Inc., the largest Canadian manufacturer of packaging and fine paper. He was a member of Colgate University's Board of Trustees from 1976 to 1982. He was a member and served on the Executive Committee of the President's Export Council, and was Chairman of the Export Expansion Subcommittee from 1977-1980. He is a National Trustee of the National Symphony Orchestra, Washington, D.C., also serving as a member of its Executive Committee. He is a member of the Board of Directors of the USO of Metropolitan New York, United Cerebral Palsy Research and Educational Foundation and the National Multiple Sclerosis Society of New York and is a Trustee of the Riverdale Country School. He is also a member of the Board of Trustees of the American Management Association.

CHARLES G. MOERDLER, Member, serving pursuant to law. Mr. Moerdler is a partner in the law firm of Stroock & Stroock & Lavan LLP. Prior to joining his law firm in 1967, Mr. Moerdler was Commissioner of Buildings for The City of New York from 1966 to 1967, and previously worked with the law firm of Cravath, Swaine & Moore. Mr. Moerdler has served as a member of the Committee on Character and Fitness of Applicants to the Bar of the State of New York, Appellate Division, First Department since 1977 and as a member of the Mayor's Committee on Judiciary since 1994. He has also served on the Editorial Board of the New York Law Journal since 1986. Mr. Moerdler held a number of public service positions, including Chairman of The New York State Insurance Fund from 1995 to March 1997, Commissioner and Vice Chairman of The New York State Insurance Fund from 1978 to 1994, Consultant to the Mayor of The City of New York on Housing, Urban Development and Real Estate from 1967 to 1973, Member of the Advisory Board on Fair Campaign Practices, New York State Board of Elections in 1974, Member of the New York City Air Pollution Control Board from 1966 to 1967 and Special Counsel to the New York State Assembly, Committee on Judiciary in 1961 and Committee on The City of New York in 1960. Mr. Moerdler also serves as a Trustee of St. Barnabas Hospital and served on the Board of Overseers of the Jewish Theological Seminary of America. He served as a Trustee of Long Island University from 1985 to 1991 and on the Advisory Board of the School of International Affairs, Columbia University from 1976 to 1979. Mr. Moerdler is a graduate of Long Island University and Fordham Law School, where he was an Associate Editor of the Fordham Law Review.

MICHAEL W. KELLY, Member, term expires January 1, 2001. Mr. Kelly is Managing Director of Ambac Capital Corporation and oversees the financial derivatives and reinvestments businesses. Prior to his employment at Ambac Capital Corporation, Mr. Kelly was a Managing Director in charge of the municipal derivatives business at Smith Barney. He began his career in 1979 as an attorney at Seward & Kissel. He received his Bachelor of Arts degree from Georgetown University and J.D. from Fordham University Law School.

Principal Officers

RICHARD T. ROBERTS, Chairperson.

BILL GREEN, Vice-Chairperson.

RUSSELL A. HARDING, President. Mr. Harding was appointed President of the Corporation on June 23, 1998. During the two years prior to his nomination, he served as Executive Vice President at the New York City Economic Development Corporation. Prior to that, Mr. Harding served the City as the Coordinator of Intergovernmental Affairs for the Office of the Mayor. While at the Mayor's Office, he also established and oversaw the Office of Grants Administration. From 1987 through 1993, he worked both as an aide to U.S. Senator Alfonse D'Amato and a communications executive in the private sector. Mr. Harding also serves as President of the New York City Residential Mortgage Insurance Corporation ("REMIC").

CHARLES A. BRASS, First Senior Vice President for Development and Policy. Mr. Brass was appointed First Senior Vice President for Development and Policy on August 6, 1998. Prior to his most recent appointment, he served as Vice President for Development from 1991 to 1998. He has also held other positions in the Development Department since he joined the Corporation in 1984. Mr. Brass also serves as Executive Vice President of REMIC. From 1981 to 1984, Mr. Brass worked for HPD's Development and Policy Departments. He also serves on the Board of Directors of the Association of Local Housing Finance Agencies.

HARRY I. FRIED, Chief Financial Officer. Mr. Fried was appointed Chief Financial Officer on August 6, 1998. Mr. Fried joined the Corporation in December 1986 as an Investment Analyst, and was appointed Assistant to the Treasurer in September 1992 and Assistant Treasurer in July 1996. Mr. Fried also serves as Chief Financial Officer of REMIC. Prior to joining the Corporation, Mr. Fried was an Assistant Branch Manager at UMB Bank and Trust Company. He received his MBA from New York University Graduate School of Business Administration.

DAVID S. BOCCIO, Senior Vice President and General Counsel. Mr. Boccio was appointed General Counsel and Senior Vice President of the Corporation in 1998. He previously served the Corporation as Vice President/Deputy General Counsel and Secretary. Mr. Boccio also serves as General Counsel of REMIC. Prior to joining the Corporation in 1986, he was associated with a law firm in Washington, D.C. He is a member of the New York, Maryland and District of Columbia Bars.

JOY F. WILLIG, Deputy General Counsel and Acting Secretary. Ms. Willig, an attorney and member of the New York Bar, joined the Corporation in August 1998 and was appointed as Deputy General Counsel and Assistant Secretary in September 1998. She was designated to serve as Acting Secretary in November 1998. Prior to joining the Corporation, she was Associate Counsel at the New York State Housing Finance Agency, was associated with a law firm in New York City and clerked in the United States District Court, Southern District of New York.

Purposes and Powers of the Corporation

The Corporation is a corporate governmental agency constituting a public benefit corporation of the State, created for the purposes of providing, and encouraging the investment of private capital in, safe and sanitary dwelling accommodations in the City of New York for families and persons of low income, which include families and persons whose need for housing accommodations cannot be provided by the ordinary operations of private enterprise, through the provision of low interest mortgage loans. Powers granted the Corporation under the Act include the power to issue bonds, notes and other obligations to obtain funds to carry out its corporate purposes, and to refund the same; to acquire, hold and dispose of real and personal property; to make mortgage loans to specified private entities; to purchase loans from lending institutions; to make loans insured or coinsured by the federal government for new construction and rehabilitation of multiple dwellings; to make and to contract for the making of loans for the purpose of financing the acquisition, construction or rehabilitation of multifamily housing accommodations; to acquire and to contract to acquire any federally-guaranteed security evidencing indebtedness on

a mortgage securing a loan; to acquire mortgages from the City, obtain federal insurance thereon and either sell such insured mortgages or issue its obligations secured by said insured mortgages and to pay the net proceeds of such sale of mortgages or issuance of obligations to the City; and to do any and all things necessary or convenient to carry out its purposes. The Act further provides that the Corporation and its corporate existence shall continue at least so long as its bonds, including the 2000 Bonds, notes, or other obligations are outstanding.

The sale of the 2000 Bonds and the terms of such sale are subject to the approval of the Comptroller of the City. The Corporation is a "covered organization" as such term is defined in the New York State Financial Emergency Act for The City of New York, as amended, and the issuance of the 2000 Bonds is subject to the review of the New York State Financial Control Board for The City of New York.

For a description of the other activities of the Corporation, see "Appendix B -- Other Activities of the Corporation."

THE MORTGAGE LOAN

The Resolution authorizes the issuance by the Corporation of the 2000 Bonds to provide moneys to finance the Mortgage Loan for the purpose of refinancing the Project. The Corporation and the Mortgagor will enter into a financing agreement (as the same may be amended or supplemented, the "Loan Agreement"), simultaneously with the issuance of the 2000 Bonds. The Mortgage Loan is to be evidenced by a mortgage note (as the same may be amended or supplemented, the "Mortgage Note"), which will be (i) in an aggregate principal amount equal to the outstanding principal amount of the 2000 Bonds, (ii) executed by the Mortgagor in favor of the Corporation and (iii) secured by a mortgage on the Project (as the same may be amended or supplemented, the "Mortgage"). Pursuant to the terms of the Resolution and the Assignment, the Corporation will assign and deliver to Fannie Mae and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Corporation, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents. The Trustee will assign the Mortgage Rights assigned to it to Fannie Mae but will retain the right to receive payments relating to the Principal Reserve Fund deposits subject to Fannie Mae's right to direct the Trustee to assign its entire interest in the Mortgage Loan to Fannie Mae.

The ability of the Mortgagor to pay its Mortgage Loan is dependent on the revenues derived from the Project. Due to the inherent uncertainty of future events and conditions, no assurance can be given that revenues generated by the Project will be sufficient to pay expenses of the Project, including without limitation, debt service on the Mortgage Loan, operating expenses, servicing fees, fees due to Fannie Mae, Remarketing Agent fees, Trustee and Tender Agent fees and fees owed to the Corporation. The ability of the Mortgagor to generate sufficient revenues may be affected by a variety of factors, including but not limited to maintenance of a certain level of occupancy, the level of rents prevailing in the market, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, the level of operating expenses, project management, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. The Mortgagor is required to rent at least 53 units in the Project to persons or families of low or moderate income, and the amount of rent that may be charged for such units is subject to limitations. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project.

Failure of the Mortgagor to make payments when due under the Mortgage Loan will result in an event of default under the Mortgage Loan and the Reimbursement Agreement and may, at the option of the Credit Facility Provider, result in a mandatory tender or redemption of all or a portion of the 2000 Bonds. See "DESCRIPTION OF THE 2000 BONDS – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2000 Bonds Upon an Event of Termination" and "– Mandatory Redemption Following Event of Termination" herein. See also "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT" herein.

The Mortgage Loan is a non-recourse obligation of the Mortgagor with respect to which its partners have no personal liability and as to which its partners have not pledged any of their respective assets, other than the Project and its rents, profits and proceeds.

THE PROJECT AND THE MORTGAGOR

The following information has been provided by the Mortgagor for use herein. While the information is believed to be reliable, neither the Corporation, Fannie Mae, the Underwriter, the Remarketing Agent nor any of their respective counsel, members, directors, officers or employees makes any representations as to the accuracy or sufficiency of such information.

The Project

The 2000 Bonds are being issued to provide the Mortgage Loan to the Mortgagor for the purpose of refinancing a multi-family rental housing facility located at 189 West 89th Street on the easterly blockfront of Amsterdam Avenue between 89th and 90th Streets in the Borough of Manhattan in New York City (the "Project") which was originally financed with bonds of the Corporation. The Project contains a total of 265 units (93 studio units, 101 one-bedroom units and 71 two-bedroom units) in one 18-story structure. In addition to the residential units, the Project also includes an 82-car parking garage, recreational facilities and approximately 7,900 square feet of retail space. The Mortgagor has obtained a twenty-year phased exemption from real estate taxes for the Project in accordance with Section 421-a of the Real Property Tax Law of the State of New York, which exemption currently requires that all residential units in the Project be subject to rent regulation for twenty years in accordance with the New York City Rent Stabilization Code. The Section 421-a tax exemption is scheduled to expire on June 30, 2019. Twenty percent (20%) of the units (53) in the Project (the "Low Income Units") are required to be rented under the Code to persons and families of low and moderate income at rents which are materially below market. (See "TAX MATTERS" herein for a description of the income limits and rent restrictions applicable to the foregoing units in the Project under the Code.) In addition, the Mortgagor received an allocation of low income housing tax credits for the Project which also requires that the Low Income Units be rented to income qualified households at rents which are materially below market. The Project is managed by Related Management Company L.P. ("RMC"), a New York limited partnership which is an affiliate of the Mortgagor. RMC directly manages approximately 110 apartment complexes located in 15 states and containing approximately 18,000 housing units.

Construction of the Project was commenced in December, 1996, and initial occupancy of the Project commenced in March, 1998. Since August, 1998, the date on which full occupancy was achieved for the Project, approximately 99% of the apartments at the Project have been occupied and the operating income from the Project has been sufficient to pay the operating expenses of the Project and debt service on the bonds issued to finance the Project. No assurance can be given, however, that the Project will continue to generate sufficient revenues to pay debt service and operating expenses of the Project. The ability of the Mortgagor to pay its Mortgage Loan is dependent on the revenues derived from the Project. The ability of the Mortgagor to continue to generate sufficient revenues may be affected by a variety of factors, including but not limited to maintenance of a sufficient level of occupancy, the level of rents prevailing in the market, the ability to achieve increases in rents as necessary to cover debt service and operating expenses, the level of operating expenses, project management, adverse changes in applicable laws and regulations, and general economic conditions and other factors in the metropolitan area surrounding the Project. In addition to these factors, other adverse events may occur from time to time which may have a negative impact on the occupancy level and rental income of the Project. See "The Mortgage Loan."

Pursuant to the Mortgagor's agreement with the State Teachers' Retirement Board of Ohio, acting by and through its nominee, OTR, an Ohio general partnership ("OTR"), under certain circumstances, OTR has the right to take certain actions with respect to the Project including causing the general partner of the Mortgagor to relinquish the right to manage, direct and control the operation of the Mortgagor and the Project.

The Mortgagor has obtained a temporary certificate of occupancy ("TCO") for the Project but has not yet obtained a permanent certificate of occupancy ("PCO") for the Project. The failure of the Mortgagor to either (i) maintain a TCO until a PCO is obtained or (ii) obtain a PCO on or before March 2, 2001 will constitute an event of default under the Mortgage and would permit Fannie Mae to declare an event of default under the Reimbursement Agreement. Upon an event of default under the Reimbursement Agreement, Fannie Mae, at its option, may direct the mandatory tender or mandatory redemption of all or a portion of the 2000 Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT – The Reimbursement Agreement – Events of Default" and "– Remedies," "DESCRIPTION OF THE 2000 BONDS – Redemption of 2000 Bonds – Mandatory Redemption Following an Event of Termination" and "DESCRIPTION OF THE 2000 BONDS – Credit

Facility Provider's Right To Cause a Mandatory Tender for Purchase of 2000 Bonds Upon an Event of Termination."

The Mortgagor

The Mortgagor is a special-purpose Delaware limited partnership, formed in 1995 solely for the purpose of acquiring the Project site and constructing and operating the Project. The Mortgagor has no assets other than its interest in the Project, has no business operations other than operating the Project and has no earnings other than those derived from the Project. Accordingly, the Mortgagor has no sources of funds to make payments on the Mortgage Loan other than revenues generated by the Project.

Related Amsterdam, Inc., the general partner of the Mortgagor, is a corporation that is wholly owned by The Related Companies, L.P. ("Related L.P."). Related L.P. is a New York limited partnership whose general partner is a corporation controlled by Stephen M. Ross and whose limited partners include Mr. Ross and a group of investors with substantial experience in the real estate business. Operating through an affiliated group of companies referred to collectively as "Related" or "The Related Companies," Mr. Ross has been active in the real estate acquisition, development, financial services and management business since 1972. Today, Related is a fully integrated real estate firm with expertise in acquisitions/development, financial services and property/asset management, overseeing a real estate portfolio valued in excess of $7 billion. Related, either directly or in partnerships with third parties, owns, operates or has under construction projects totaling approximately 115,000 apartments in 431 cities and 45 states. Related's principal offices are in New York City, Irvine, California and Miami, Florida. Related, L.P. is Related's primary operating company for the development of residential real estate in the Northeast. RMC, the company that manages the Project, is also one of the companies affiliated with Related.

Among its many residential development projects, Related has successfully completed nine residential rental projects in Manhattan, and two additional projects are currently under construction. All of these projects utilize tax-exempt variable rate financing. Six of these projects were financed by the Corporation. Rents and revenues for the projects described in this paragraph are not pledged as, nor do they constitute, security for the 2000 Bonds.

FANNIE MAE

Fannie Mae is a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. 1716 et seq. It is the largest investor in home mortgage loans in the United States with a net portfolio of $504 billion of mortgage loans as of September 30, 1999. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968.

Fannie Mae purchases, sells, and otherwise deals in mortgages in the secondary market rather than as a primary lender. It does not make direct mortgage loans but acquires mortgage loans originated by others. In addition, Fannie Mae issues mortgage-backed securities ("MBS"), primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guarantee of timely payment of principal of and interest on MBS certificates.

Fannie Mae is subject to regulation by the Secretary of Housing and Urban Development ("HUD") and the Director of the independent Office of Federal Housing Enterprise Oversight within HUD. Approval of the Secretary of Treasury is required for Fannie Mae's issuance of its debt obligations and MBS. Five of the eighteen members of Fannie Mae's Board of Directors are appointed by the President of the United States, and the other thirteen are elected by the holders of Fannie Mae's common stock.

The securities of Fannie Mae are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any agency or instrumentality thereof other than Fannie Mae.

As of September 30, 1999, Fannie Mae's stockholders' equity was $17 billion. Information on Fannie Mae and its financial condition is contained in Fannie Mae's Information Statement dated March 31, 1999, and Supplements thereto dated May 14, 1999, August 13, 1999 and November 15, 1999 (and any later update of such Information Statement). Copies of the most recent Information Statement, as well as any Supplements to the Information Statement and Fannie Mae's most recent annual report to stockholders and proxy statement, are available without charge from the Office of Investor Relations, Fannie Mae, 3900 Wisconsin Avenue, NW, Washington, DC 20016 (telephone: 202/752-7115).

Fannie Mae makes no representation as to the contents of this Official Statement, the suitability of the 2000 Bonds for any investor, the feasibility of performance of the Project, the sufficiency of amounts payable under the Credit Enhancement Instrument to pay principal and interest on the 2000 Bonds in accordance with the terms of the Resolution, or compliance with any securities, tax or other laws or regulations. Fannie Mae's role is limited to discharging its obligations under the Credit Enhancement Instrument.

DESCRIPTION OF THE 2000 BONDS

General

The 2000 Bonds are to be dated and will mature as set forth on the cover page of this Official Statement. The 2000 Bonds will bear interest from the date of their delivery until payment of the principal thereof is made or provided for in accordance with the provisions of the Resolution, whether at maturity on November 15, 2029, upon redemption or otherwise. At no time shall the interest rate on the 2000 Bonds exceed the maximum rate of twelve percent (12%) or such higher rate, which shall not exceed fifteen percent (15%), as may be established in accordance with the provisions of the Resolution (the "Maximum Rate"). The 2000 Bonds will bear interest from their date of issue to and including March 7, 2000 at the rate per annum set forth in a certificate of the Corporation delivered on the date of issue of the 2000 Bonds. Thereafter, the 2000 Bonds will bear interest initially at the Weekly Rate as determined from time to time by the Remarketing Agent. The method of determining the interest rate on the 2000 Bonds may be changed to a different method as provided in the Resolution. This Official Statement in general describes the 2000 Bonds only while the 2000 Bonds bear interest at a Weekly Rate.

The 2000 Bonds shall be issued solely in fully registered form, without coupons, issuable during a Weekly Rate Period in the denomination of $100,000 or any whole multiple of $100,000.

Interest on the 2000 Bonds shall be payable on a monthly basis on the fifteenth day of each month commencing on the fifteenth day of March, 2000, on any Change Date and on the maturity date of the 2000 Bonds. Interest on the 2000 Bonds shall be computed on the basis of a 365 or 366-day year, for the actual number of days elapsed. If the date for payment of interest on or principal or Redemption Price of the 2000 Bonds is a day other than a Business Day, then payment may be made on the next succeeding Business Day with the same force and effect as if made on the date originally fixed for payment, and in the case of such payment no interest shall accrue for the period from the date originally fixed for payment to such next succeeding Business Day.

Book-Entry Only System

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the 2000 Bonds. The 2000 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2000 Bond certificate will be issued for the 2000 Bonds in the aggregate principal amount of the 2000 Bonds and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct

Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.

Purchases of 2000 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such 2000 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2000 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2000 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2000 Bonds, except in the event that use of the book-entry system for the 2000 Bonds is discontinued.

To facilitate subsequent transfers, all 2000 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2000 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2000 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2000 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2000 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2000 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2000 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2000 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2000 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Corporation or Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2000 Bonds purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such 2000 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2000 Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of the 2000 Bonds in connection with optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2000 Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the 2000 Bonds at any time by giving reasonable notice to the Corporation or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, such 2000 Bond certificates are required, pursuant to the Resolution, to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2000 Bond certificates will be printed and delivered.

The above information concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation and the Underwriter believe to be reliable, but neither the Corporation nor the Underwriter takes responsibility for the accuracy thereof. The Beneficial Owners should confirm the foregoing information with Direct Participants or Indirect Participants.

So long as Cede & Co. is the registered owner of 2000 Bonds, as nominee for DTC, references herein to Bondholders or registered owners of the 2000 Bonds (other than under the caption "TAX MATTERS") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of 2000 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

Notwithstanding any other provision of the Resolution to the contrary, so long as any 2000 Bond is held in book-entry form, such 2000 Bond need not be delivered in connection with any optional or mandatory tender of 2000 Bonds described under "DESCRIPTION OF THE 2000 BONDS." In such case, payment of the Purchase Price in connection with such tender shall be made to the registered owner of such 2000 Bonds on the date designated for such payment, without further action by the Beneficial Owner who delivered notice, and, notwithstanding the description of optional and mandatory tender of 2000 Bonds contained under "DESCRIPTION OF THE 2000 BONDS," transfer of beneficial ownership shall be made in accordance with the procedures of DTC.

NEITHER THE CORPORATION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, TO INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (ii) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2000 BONDS UNDER THE RESOLUTION; (iii) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2000 BONDS; (iv) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE 2000 BONDS; (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNER OF THE 2000 BONDS; OR (vi) ANY OTHER MATTER.

Interest Rate Periods

Weekly Rate Period. During the period from the date of initial issuance and delivery of the 2000 Bonds to the earlier of the first Interest Method Change Date or the final maturity or redemption in whole of the 2000 Bonds, and during any subsequent period from and after any date designated by the Mortgagor, with the prior written consent of the Credit Facility Provider, for a change of the interest rate on the 2000 Bonds to the Weekly Rate until the earlier of the next succeeding Interest Method Change Date or the final maturity or redemption in whole of the 2000 Bonds, the 2000 Bonds shall bear interest at the Weekly Rate determined in accordance with the Resolution.

The Weekly Rate shall be the lowest interest rate, not exceeding the Maximum Rate, which, in the determination of the Remarketing Agent as of the date of determination and under prevailing market conditions, would result as nearly as practicable in the market price for the 2000 Bonds on the Weekly Effective Rate Date being one hundred percent (100%) of the principal amount thereof, such interest rate to be determined as follows. The Remarketing Agent shall determine the Weekly Rate not later than 4:00 p.m., New York City time, on the Business Day preceding the Weekly Effective Rate Date for each Weekly Rate Term; provided, however, that the Weekly Rate from the date of initial issuance and delivery of the 2000 Bonds through and including March 7, 2000, shall be the rate for the 2000 Bonds determined by the Corporation and delivered in writing to the Trustee on the date of such issuance and delivery. The Remarketing Agent shall immediately give notice of the determination of any Weekly Rate to the Corporation, the Mortgagor, the Trustee, the Tender Agent, the Credit Facility Provider and the Servicer.

On the Business Day immediately following (i) the issuance and delivery of the 2000 Bonds and (ii) the establishment of any subsequent Weekly Rate Period, the Trustee shall deliver or mail by first-class mail, postage prepaid, to the owner of each 2000 Bond at the address shown on the registration books of the Corporation, a notice stating the Weekly Rate to be borne by the 2000 Bonds and that from and after the Weekly Effective Rate Date the 2000 Bonds will bear interest at the Weekly Rate for the duration of the applicable Weekly Rate Period. Such notice shall further specify the name, address and telephone number of the person or persons from whom information with respect to the Weekly Rate for each succeeding Weekly Rate Term may be obtained. Unless an Interest Method Change Date occurs, a new Weekly Rate Term shall automatically commence on the day after the termination of the current Weekly Rate Term.

If for any reason the position of the Remarketing Agent is vacant, or if the Remarketing Agent fails in the performance of its duty to determine the Weekly Rate for any Weekly Rate Term or the Weekly Rate is held to be invalid or unenforceable by a court of law, as set forth in a written notice from the Corporation to the Trustee, the Weekly Rate for such Weekly Rate Term shall be determined by the Trustee and shall be one hundred percent (100%) of the most recent seven-day The Bond Market Association™ Municipal Swap Index published in *The Bond Buyer* or otherwise made available to the Trustee.

Interest Rate Changes. No change in the method of determining the interest rate on the 2000 Bonds shall be made unless the Trustee has received, at least 30 days prior to the Change Date, (1) a Certificate of an Authorized Officer of the Mortgagor specifying (i) the date which is to be the Interest Method Change Date and (ii) the method of determining the interest rate which shall take effect on such date, (2) an opinion of Bond Counsel addressed to the Corporation, the Trustee and the Credit Facility Provider to the effect that the proposed change in the method of determining the interest rate on the 2000 Bonds is consistent with the provisions of the Resolution and will not adversely affect the exclusion of the interest on the 2000 Bonds from gross income for Federal income tax purposes, and (3)(i) permission from Bond Counsel, the opinion of which as to the exclusion from gross income for Federal income tax purposes of interest on the 2000 Bonds is on file with the Trustee, to deliver such opinion in connection with the 2000 Bonds, or (ii) an opinion from Bond Counsel addressed to the Corporation, the Trustee and the Credit Facility Provider as described in the Resolution to the effect that the interest on the 2000 Bonds is not included in gross income for Federal income tax purposes.

If the Credit Facility Provider notifies the Corporation and the Trustee that certain events have occurred and are continuing under the Reimbursement Agreement, then the Credit Facility Provider may exercise all rights of the Mortgagor with respect to an Interest Method Change Date and the Mortgagor may not exercise such rights unless and until the Trustee and the Corporation are notified that such events of default are cured or waived or the Credit Facility Provider otherwise consents.

Purchase of the 2000 Bonds on Demand of Owner

While the 2000 Bonds bear interest at the Weekly Rate, each owner of a 2000 Bond may, by delivery of a written notice of tender to the Principal Offices of the Tender Agent at 114 West 47th Street, New York, New York 10036, Attention: Corporate Trust Department (or such other address as may be established by the Tender Agent from time to time), and the Remarketing Agent at 1285 Avenue of the Americas, New York, New York 10019 (or such other address as may be established by the Remarketing Agent from time to time), not later than 4:00 p.m., New York City time, on any Business Day not less than seven calendar days before the particular Business Day

chosen as the purchase date, demand payment of the Purchase Price on and as of such purchase date of all or a portion of such 2000 Bond in any denomination authorized by the Resolution; provided, however, that no portion of a 2000 Bond shall be purchased unless any remaining portion of such 2000 Bond is in a denomination authorized by the Resolution. Each such notice of tender shall be irrevocable and effective upon receipt and shall:

(i) be delivered to the Tender Agent and the Remarketing Agent at their respective Principal Offices and be in a form satisfactory to the Tender Agent; and

(ii) state (A) the aggregate principal amount of the 2000 Bonds to be purchased and the numbers of the 2000 Bonds to be purchased, and (B) the date on which such 2000 Bonds are to be purchased, which date shall be a Business Day not prior to the seventh (7th) day next succeeding the date of delivery of such notice and which date will be prior to any Change Date.

If any 2000 Bonds are to be purchased prior to an Interest Payment Date and after the Record Date in respect thereof, the owner of such 2000 Bond demanding purchase thereof shall deliver to the Tender Agent a due bill, payable to bearer, for interest due on such Interest Payment Date.

Any 2000 Bonds for which a demand for purchase has been made shall be delivered to the Tender Agent at or prior to 10:00 a.m., New York City time, on the date designated for purchase, with an appropriate endorsement for transfer or accompanied by a bond power endorsed in blank.

Any 2000 Bonds not so delivered to the Tender Agent ("Undelivered 2000 Bonds") on or prior to the purchase date for which there has been irrevocably deposited in trust with the Trustee or the Tender Agent an amount of moneys sufficient to pay the Purchase Price of such Undelivered 2000 Bonds shall be deemed to have been purchased at the Purchase Price. IN THE EVENT OF A FAILURE BY AN OWNER OF 2000 BONDS TO DELIVER ITS 2000 BONDS ON OR PRIOR TO THE PURCHASE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE PURCHASE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2000 BONDS, AND ANY UNDELIVERED 2000 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Notwithstanding the above, in the event that any 2000 Bond whose owner has exercised its demand purchase option is remarketed to such owner, such owner need not deliver such 2000 Bond to the Tender Agent but such 2000 Bond shall be deemed to have been delivered to the Tender Agent and remarketed and redelivered to such owner.

Mandatory Purchase of 2000 Bonds on Interest Method Change Date

The 2000 Bonds shall be subject to mandatory tender for purchase on any Interest Method Change Date at the Purchase Price. The Trustee shall deliver, or mail by first class mail to the Remarketing Agent and to the owner of each 2000 Bond to which such notice relates, at its address shown on the registration books of the Corporation, a notice not later than the fifteenth (15th) day prior to the Interest Method Change Date. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, the Interest Method Change Date and reason therefor, that all owners of 2000 Bonds shall be deemed to have tendered their 2000 Bonds for purchase on the Interest Method Change Date, and the Purchase Price for such 2000 Bonds.

Owners of 2000 Bonds shall be required to tender their 2000 Bonds to the Tender Agent for purchase at the Purchase Price on the Interest Method Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2000 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of such Undelivered 2000 Bonds shall be deemed to have been purchased at the Purchase Price on the Interest Method Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF 2000 BONDS TO DELIVER ITS 2000 BONDS ON OR PRIOR TO THE INTEREST METHOD CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE

INTEREST METHOD CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2000 BONDS, AND ANY UNDELIVERED 2000 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Mandatory Purchase of 2000 Bonds Upon Replacement, Termination or Expiration of Credit Facility

On any Facility Change Date, the 2000 Bonds are subject to mandatory tender for purchase at the Purchase Price. In connection with a purchase on a Facility Change Date, the Trustee shall deliver, or mail by first class mail, a notice not later than the fifteenth (15th) day prior to the Facility Change Date to the Remarketing Agent and to the owner of each 2000 Bond to which such notice relates at its address shown on the registration books of the Corporation. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. Such notice shall set forth, in substance, the Facility Change Date and reason therefor, that all owners of 2000 Bonds shall be deemed to have tendered their 2000 Bonds for purchase on the Facility Change Date, and the Purchase Price for such 2000 Bonds.

Owners of 2000 Bonds shall be required to tender their 2000 Bonds to the Tender Agent for purchase at the Purchase Price on the Facility Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2000 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2000 Bonds shall be deemed to have been purchased at the Purchase Price on the Facility Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF 2000 BONDS TO DELIVER ITS 2000 BONDS ON OR PRIOR TO THE FACILITY CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE FACILITY CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2000 BONDS, AND ANY UNDELIVERED 2000 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Mortgagor's Right to Cause a Mandatory Tender for Purchase of 2000 Bonds Upon a Notice of Prepayment of the Mortgage Loan in Full

Pursuant to the Resolution, upon notice to the Trustee from the Corporation of the Mortgagor's election to prepay the Mortgage Loan in full (said notice from the Corporation to the Trustee being defined in the Resolution as a "Notice of Prepayment of the Mortgage Loan in Full"), the Corporation shall specify a Change Date on which all the 2000 Bonds shall be subject to mandatory tender for purchase, which Change Date shall be the date specified by the Mortgagor for such prepayment of the Mortgage Loan in full.

Following receipt by the Trustee of such Notice of Prepayment of the Mortgage Loan in Full, the Trustee shall deliver, or mail by first-class mail to the Remarketing Agent and to the owner of each 2000 Bond, at its address shown on the registration books of the Corporation, a notice not less than fifteen (15) days prior to such Change Date. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice.

Any notice of mandatory tender relating to a Notice of Prepayment of the Mortgage Loan in Full shall set forth, in substance, the Change Date and reason therefor, that all owners of 2000 Bonds shall be deemed to have tendered their 2000 Bonds for purchase on the Change Date and the Purchase Price for the 2000 Bonds. Owners of 2000 Bonds shall be required to tender their 2000 Bonds to the Tender Agent for purchase at the Purchase Price on the Change Date with an appropriate endorsement for transfer to the Tender Agent, or accompanied by a bond power endorsed in blank. Any Undelivered 2000 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2000 Bonds shall be deemed to have been purchased at the Purchase Price on the Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF 2000 BONDS TO DELIVER ITS 2000 BONDS ON OR PRIOR TO THE CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2000 BONDS, AND ANY UNDELIVERED 2000 BONDS SHALL NO LONGER

BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Upon such prepayment of the Mortgage Loan in full and payment to the Credit Facility Provider (other than from the proceeds of the remarketing of the 2000 Bonds) of all amounts due under the Reimbursement Agreement, all 2000 Bonds shall be deemed paid and shall be delivered to the Trustee for cancellation.

Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2000 Bonds Upon an Event of Termination

Pursuant to the Resolution, for so long as the Credit Facility is in effect, upon the receipt by the Trustee of written notice from the Credit Facility Provider that one or more events of default or certain other events have occurred under the Reimbursement Agreement (defined in the Resolution as an "Event of Termination"), including, but not limited to, a default under the Mortgage Loan or a failure to reimburse the Credit Facility Provider under the Reimbursement Agreement, the Credit Facility Provider may specify a Change Date on which all or a portion of the 2000 Bonds shall be subject to mandatory tender for purchase, which Change Date shall not be later than eight (8) days following receipt by the Trustee of the direction to purchase such 2000 Bonds. If only a portion of the 2000 Bonds are to be subject to mandatory tender for purchase, the particular 2000 Bonds to be tendered shall be selected by the Trustee by lot, using such method as it shall determine in its sole discretion except that the Trustee shall not select any 2000 Bond for tender which would result in any remaining 2000 Bond not being in an authorized denomination as provided in the Resolution. Upon receipt of such written notice from the Credit Facility Provider, the Trustee shall immediately deliver to the Remarketing Agent and to the owner of each 2000 Bond to which such notice relates a notice of mandatory tender for purchase by overnight express mail or courier service. Any notice given in such manner shall be conclusively presumed to have been duly given, whether or not the owner receives such notice. See "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT – Reimbursement Agreement" herein.

Any notice of mandatory tender relating to an Event of Termination specified by the Credit Facility Provider shall set forth, in substance, the Change Date and reason therefor, that all owners of affected 2000 Bonds shall be deemed to have tendered their 2000 Bonds for purchase on the Change Date and the Purchase Price for the 2000 Bonds. Owners of affected 2000 Bonds shall be required to tender their 2000 Bonds to the Tender Agent for purchase at the Purchase Price with an appropriate endorsement for transfer to the Tender Agent or accompanied by a bond power endorsed in blank. Any Undelivered 2000 Bonds for which there has been irrevocably deposited in trust with the Trustee or Tender Agent an amount of moneys sufficient to pay the Purchase Price of the Undelivered 2000 Bonds shall be deemed to have been purchased at the Purchase Price on the Change Date. IN THE EVENT OF A FAILURE BY AN OWNER OF AFFECTED 2000 BONDS TO DELIVER ITS 2000 BONDS ON OR PRIOR TO THE CHANGE DATE, SAID OWNER SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST TO ACCRUE SUBSEQUENT TO THE CHANGE DATE) OTHER THAN THE PURCHASE PRICE FOR SUCH UNDELIVERED 2000 BOND, AND ANY UNDELIVERED 2000 BONDS SHALL NO LONGER BE ENTITLED TO THE BENEFITS OF THE RESOLUTION, EXCEPT FOR THE PAYMENT OF THE PURCHASE PRICE THEREFOR.

Provisions Affecting 2000 Bonds if a Change of Method of Determining the Interest Rate Cannot be Effected

If (a) a notice of an Interest Method Change Date has been given in accordance with the Resolution and (b) the conditions precedent to an Interest Method Change Date set forth in the Resolution have not been satisfied, then,

(i) the new interest method mode shall not take effect;

(ii) the 2000 Bonds shall be subject to mandatory tender on the proposed Interest Method Change Date and the holders of 2000 Bonds shall not have the right to retain their 2000 Bonds; and

(iii) the interest rate shall remain in the Weekly Rate.

Changes of Time Period for Provision of Notice Relating to Mandatory Purchase Provision or Demand Purchase Option

The Resolution provides that it is subject to amendment and supplement by a Supplemental Resolution, from time to time, to effect a change with respect to the time periods for provision of notice relating to the Mandatory Purchase Provision, Demand Purchase Option or interest rate determination or the time periods for interest rate determination or the procedure for tendering 2000 Bonds in connection with the Mandatory Purchase Provision or Demand Purchase Option, which Supplemental Resolution may be adopted and become effective (i) upon filing of a copy thereof certified by an Authorized Officer of the Corporation with the Trustee, (ii) upon filing with the Trustee and the Corporation of a consent to such Supplemental Resolution executed by the Trustee, and (iii) if such Supplemental Resolution is to effect a change with respect to the time periods for provision of notice relating to the Mandatory Purchase Provision, Demand Purchase Option or interest rate determination or the time periods for interest rate determination or the procedure for tendering 2000 Bonds in connection with the Mandatory Purchase Provision or Demand Purchase Option, after such period of time as the Trustee and the Corporation deem appropriate following notice to the 2000 Bond owners. A copy of any such Supplemental Resolution shall be provided to the owners of the 2000 Bonds.

Delivery of 2000 Bonds in Book-Entry Form

Notwithstanding any other provision of the Resolution to the contrary, so long as any 2000 Bond is held in book-entry form, such 2000 Bond need not be delivered in connection with any optional or mandatory tender of 2000 Bonds described under "DESCRIPTION OF THE 2000 BONDS." In such case, payment of the Purchase Price in connection with such tender shall be made to the registered owner of such 2000 Bonds on the date designated for such payment, without further action by the Beneficial Owner, and transfer of beneficial ownership shall be made in accordance with the procedures of DTC. See "DESCRIPTION OF THE 2000 BONDS – Book-Entry Only System" herein.

Redemption of 2000 Bonds – Mandatory

Mandatory Redemption from Certain Recoveries of Principal. The 2000 Bonds are subject to mandatory redemption, in whole or in part, at any time prior to maturity, in an amount not in excess of any Recoveries of Principal (other than the advance payment in full of all amounts to become due pursuant to the Mortgage Loan, at the option of the Mortgagor, with monies other than amounts transferred from the Principal Reserve Fund), at a Redemption Price equal to 100% of the principal amount of the 2000 Bonds or portions thereof to be redeemed plus accrued interest to the Redemption Date. Recoveries of Principal include amounts transferred from the Principal Reserve Fund at the option of the Mortgagor as more fully described under "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund."

Mandatory Redemption on Bankruptcy of Credit Facility Provider. The 2000 Bonds are subject to mandatory redemption in whole at any time prior to maturity, if, within 30 days after an Act of Bankruptcy of the Credit Facility Provider, the Trustee has not received a new Credit Facility, at a Redemption Price equal to 100% of the principal amount of the 2000 Bonds to be redeemed plus accrued interest to the Redemption Date.

Mandatory Redemption Following an Event of Default. The 2000 Bonds are subject to mandatory redemption, in whole, without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Default under the Resolution at a Redemption Price equal to 100% of the principal amount of the 2000 Bonds to be redeemed, plus accrued interest thereon to the Redemption Date (which Redemption Date shall be the date of such declaration of acceleration).

Mandatory Redemption Following an Event of Termination. The 2000 Bonds are subject to mandatory redemption, in whole or in part, without notice, upon a declaration of acceleration by the Trustee as a remedy for an Event of Termination under the Resolution at a Redemption Price equal to 100% of the principal amount of the 2000 Bonds to be redeemed, plus accrued interest to the Redemption Date (which Redemption Date shall be the date of such declaration of acceleration).

Mandatory Redemption from Certain Transfers from Principal Reserve Fund. The 2000 Bonds are subject to mandatory redemption, in whole or in part, on any Interest Payment Date if and to the extent amounts in excess of the Principal Reserve Amount are transferred from the Principal Reserve Fund to the Redemption Account on the immediately preceding Interest Payment Date. (see "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund"). Each such redemption will be at a Redemption Price equal to 100% of the principal amount of such 2000 Bonds or portions thereof to be redeemed plus accrued interest to the Redemption Date.

Redemption of 2000 Bonds – Optional

The 2000 Bonds are subject to redemption, at the option of the Corporation, in whole or in part, on any Interest Payment Date, at a Redemption Price equal to 100% of the principal amount of the 2000 Bonds or portions thereof to be so redeemed plus accrued interest to the Redemption Date.

Effect of Loss of Tax Exemption

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2000 Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation is to enter into the Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2000 Bonds is payable. See "TAX MATTERS." *Pursuant to the Resolution, the loss of such exclusion of interest from gross income would not, in and of itself, result in a mandatory tender or redemption of all or a portion of the 2000 Bonds. However, a default by the Mortgagor under the Regulatory Agreement would give rise to an event of default under the Reimbursement Agreement. In such an event, the Credit Facility Provider would have the right, in its sole and absolute discretion, to cause a mandatory tender or redemption of all or a portion of the 2000 Bonds. See "DESCRIPTION OF THE 2000 BONDS – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2000 Bonds Upon an Event of Termination" and "Mandatory Redemption Following an Event of Termination" herein.*

Selection of 2000 Bonds to be Redeemed

If less than all the 2000 Bonds are to be redeemed, the Trustee may select the 2000 Bonds to be redeemed by lot, using such method as it shall determine. Notwithstanding the foregoing, for so long as the Credit Agreement shall be in full force and effect, (i) the first 2000 Bonds to be redeemed shall be Purchased Bonds and (ii) no 2000 Bond shall be selected for redemption if the portion of such 2000 Bond remaining after such redemption would not be a denomination authorized by the Resolution.

Notice of Redemption

When the Trustee receives notice from the Corporation of its election or direction to redeem the 2000 Bonds, or is required pursuant to the Resolution to redeem the 2000 Bonds, the Trustee is to give notice, in the name of the Corporation, of the redemption of such 2000 Bonds. Such notice is to specify, among other things, the 2000 Bonds to be redeemed, the Redemption Price, the Redemption Date, any conditions precedent to such redemption and the place or places where amounts due upon such redemption will be payable. The Trustee is to mail a copy of such notice postage prepaid to the registered owners of any 2000 Bonds or portions of 2000 Bonds which are to be redeemed, at their last addresses appearing upon the registry book not less than fifteen (15) days before the Redemption Date during a Weekly Rate Period. The foregoing provisions of this paragraph do not apply in the case of any redemption of 2000 Bonds of which, pursuant to the Resolution, notice is not required to be given. Interest shall cease to accrue and be payable on the 2000 Bonds after the Redemption Date if notice has been given, or is not required to be given, if the conditions precedent to the redemption, if any, have been satisfied, and if sufficient

moneys have been deposited with the Trustee to pay the applicable Redemption Price and interest on the 2000 Bonds on such date.

Corporation's Right to Purchase

The Corporation retains the right to purchase the 2000 Bonds at such times, in such amounts and at such prices less than or equal to par as the Corporation shall determine, subject to the provisions of the Resolution, and thereby reduce its obligations, if any, for the 2000 Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2000 Bonds will be used to fund the Mortgage Loan to the Mortgagor in the principal amount equal to the principal amount of 2000 Bonds, which amount will be used to refinance the Project. The proceeds of the Mortgage Loan, are to be applied to pay the principal amount of the outstanding bonds of the Corporation issued to finance the Project, and thereby refinance the Project.

In addition, the Mortgagor will pay, with other funds of the Mortgagor, certain other costs relating to the refinancing of the Project including the Underwriter's fee in an amount equal to $60,000.

SECURITY FOR THE BONDS

Pledge of the Resolution

The Resolution constitutes a contract among the Corporation, the Trustee and the owners of the Bonds issued thereunder and its provisions are for (i) the equal benefit, protection and security of the owners of all such Bonds, each of which, regardless of the time of issue or maturity, is to be of equal rank without preference, priority or distinction except as provided in the Resolution and (ii) the benefit of the Credit Facility Provider, as provided in the Resolution.

The Bonds are special obligations of the Corporation payable from the Revenues and amounts on deposit in the Accounts (other than amounts deposited in or to be deposited in the Rebate Fund) as described herein. In addition, the 2000 Bonds, as and to the extent provided in the Credit Facility, are payable from amounts obtained under the Credit Enhancement Instrument or an Alternate Security. Payment of the principal or Redemption Price of and interest on all Bonds is secured by a pledge of the Revenues, which consists of all payments received by the Corporation from or on account of the Mortgage Loan, including scheduled, delinquent and advance payments of principal and interest, proceeds from the sale, assignment, or other disposition of the Mortgage Loan in the event of a default thereon, proceeds of any insurance or condemnation award, and income derived from the investment of funds held by the Trustee in Accounts established under the Resolution, including earnings and gains received by the Trustee pursuant to any investment agreement. Revenues do not, however, include any administrative or financing fee paid to the Corporation, other escrow deposits or financing, extension, late charges or settlement fees of the Servicer of the Mortgage Loan or the Credit Facility Provider on account of the Mortgage Loan. Payment of the Bonds is also secured by a pledge by the Corporation of all amounts held in any Accounts (other than amounts deposited in or to be deposited in the Rebate Fund) established pursuant to the Resolution (including the investments of such Accounts, if any). The Credit Facility Provider shall have certain rights with respect to, among other things, extensions, remedies, waivers, amendments and actions unless there is a Wrongful Dishonor of the Credit Facility by the Credit Facility Provider or the Credit Facility is no longer in effect, to the extent and as provided in the Resolution.

The pledges described in the immediately preceding paragraph are also subject to the terms and provisions of the Resolution requiring transfers of amounts to the Rebate Fund and permitting the application of the Revenues and amounts in such Accounts for the purposes described therein.

Pursuant to the Resolution and the Assignment, the Corporation will assign and deliver to Fannie Mae and the Trustee, as their interests may appear, subject to the reservation of certain rights by the Corporation, all of its right, title and interest in and to the Mortgage Loan and the Mortgage Documents. The Trustee will assign the Mortgage Rights to Fannie Mae but will retain the right to receive payments relating to the Principal Reserve Fund deposits. The Trustee's right to payments of principal and interest will secure the owners of the 2000 Bonds and Fannie Mae, subject to Fannie Mae's rights under the Assignment to direct the Trustee to assign the Mortgage Note and the Mortgage to Fannie Mae in certain events.

Credit Enhancement Instrument

The Credit Enhancement Instrument constitutes a "Credit Facility" and the "Initial Credit Facility" under the Resolution, and Fannie Mae constitutes a "Credit Facility Provider" and the "Initial Credit Facility Provider" under the Resolution.

The following description of the Credit Enhancement Instrument does not purport to be complete or to cover all sections of the Credit Enhancement Instrument. Reference is made to the Credit Enhancement Instrument, on file with the Trustee, for the complete terms thereof and the rights, duties and obligations of Fannie Mae and the Trustee thereunder.

Fannie Mae will advance funds under the Credit Enhancement Instrument to the Trustee with respect to the payment of: (i) principal of the Mortgage Note in an amount sufficient to pay the principal of the 2000 Bonds (other than Purchased Bonds) when due by reason of acceleration, defeasance, redemption or stated maturity (other than an optional redemption or acceleration of the 2000 Bonds that Fannie Mae has not consented to); (ii) interest on the Mortgage Note in an amount sufficient to pay up to 35 days' interest at the Maximum Interest Rate due on the 2000 Bonds (other than Purchased Bonds) on or prior to their stated maturity date; and (iii) a portion of the Corporation's regularly scheduled fee (the "Fee Component"), if such fee is not paid to the Corporation in a timely manner.

Fannie Mae will advance funds under the Credit Enhancement Instrument to the Trustee up to the principal amount of the 2000 Bonds and interest thereon at the Maximum Interest Rate for up to 35 days in order to pay the Purchase Price of 2000 Bonds tendered to the Trustee as Tender Agent and not remarketed pursuant to the applicable Remarketing Agreement.

Fannie Mae's obligation under the Credit Enhancement Instrument with respect to the Mortgage Loan is limited to the extent described above and does not extend to any other payment due under the Mortgage Note, including without limitation, payments for deposit into the Principal Reserve Fund as described herein. Fannie Mae's obligations to make advances to the Trustee upon the proper presentation of documents which conform to the terms and conditions of the Credit Enhancement Instrument are absolute, unconditional and irrevocable.

To the extent of advances made under the Credit Enhancement Instrument with respect to the payment of the Fee Component and the principal of and interest on the Mortgage Note in an amount sufficient to pay the principal amount of the 2000 Bonds and interest thereon, the obligations of Fannie Mae under the Credit Enhancement Instrument will be correspondingly reduced, but with respect to advances made under the Credit Enhancement Instrument with respect to the Fee Component and the payment of interest on the Mortgage Note in an amount sufficient to pay interest on such Bonds, the Fee Component and the interest component of the Credit Enhancement Instrument will be automatically reinstated. With respect to advances made under the Credit Enhancement Instrument to pay the Purchase Price of tendered or deemed tendered 2000 Bonds, the Credit Enhancement Instrument will be correspondingly reduced and will be reinstated to the extent such Bonds are subsequently remarketed and Fannie Mae is reimbursed for such advances. Outstanding 2000 Bonds purchased by the Tender Agent with funds provided by such advances will be owned by the Mortgagor and will be pledged for the benefit of Fannie Mae ("Purchased Bonds").

In computing the amount to be advanced under the Credit Enhancement Instrument with respect to the payment of principal of or interest on the Mortgage Note in an amount sufficient to pay the principal of or interest on the 2000 Bonds, the Trustee shall exclude any such amounts in respect of any such Bonds that are Purchased Bonds on the date such payment is due, and amounts advanced to the Trustee under the Credit Enhancement

Instrument shall not be applied to the payment of the principal of or interest on any Bonds that are Purchased Bonds on the date such payment is due.

To receive payment under the Credit Enhancement Instrument, the Trustee must make a presentation of certain payment documents under the Credit Enhancement Instrument on or prior to the expiration date of the Credit Enhancement Instrument at the appropriate office of Fannie Mae. The Credit Enhancement Instrument will expire on November 20, 2029 (the "Expiration Date", which is five days after the stated maturity of the 2000 Bonds). The Credit Enhancement Instrument will automatically terminate on the first to occur of: (a) the Expiration Date; (b) the honoring by Fannie Mae of the final draw available to be made under the Credit Enhancement Instrument such that the principal portion of the amount available will be reduced to zero and will not be subject to reinstatement; or (c) receipt of a written notice signed by the Trustee's duly authorized officer stating that none of the Bonds are outstanding under the Resolution or the Trustee has received an Alternate Security as permitted by the Resolution and the Reimbursement Agreement.

FANNIE MAE'S OBLIGATIONS WITH RESPECT TO THE 2000 BONDS ARE SOLELY AS PROVIDED IN THE CREDIT ENHANCEMENT INSTRUMENT. THE OBLIGATIONS OF FANNIE MAE UNDER THE CREDIT ENHANCEMENT INSTRUMENT ARE OBLIGATIONS SOLELY OF FANNIE MAE, A FEDERALLY CHARTERED STOCKHOLDER OWNED CORPORATION, AND ARE NOT BACKED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA. THE 2000 BONDS ARE NOT A DEBT OF THE UNITED STATES OF AMERICA, OR OF ANY AGENCY THEREOF, OR OF FANNIE MAE, AND ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA OR BY FANNIE MAE.

Alternate Security

The Credit Enhancement Instrument may be replaced with various other forms of credit enhancement (each an "Alternate Security" except as described below; the Credit Enhancement Instrument or Alternate Security being herein referred to as the "Credit Facility") or upon conversion of the 2000 Bonds to bear interest at a rate fixed to the maturity thereof, the Corporation may elect to provide no Credit Facility.

The Corporation may not exercise its right to make provision for or cause the replacement of any Credit Facility, unless the Corporation has provided the Trustee with (i) certain opinions as to, among other things, the effect of such replacement on the tax status of the 2000 Bonds and the legality, validity and enforceability of the new Credit Facility; (ii) a letter from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or the national rating agency or agencies then rating the 2000 Bonds to the effect that such Alternate Security will provide the 2000 Bonds with an investment grade rating; and (iii) moneys sufficient to pay all costs incurred by the Trustee and the Corporation in connection with the provision of such Credit Facility.

Upon replacement of the Credit Enhancement Instrument except as described below, the 2000 Bonds are subject to mandatory tender as described above under the caption "DESCRIPTION OF THE 2000 BONDS – Mandatory Purchase of 2000 Bonds Upon Replacement, Termination or Expiration of Credit Facility."

Fannie Mae may provide any other form of credit or liquidity facility (or combination thereof) in substitution for the Credit Enhancement Instrument. Certain of such substitute facilities will not be considered an "Alternate Security" and such substitution will not result in a "Facility Change Date" or mandatory tender of the 2000 Bonds, so long as, among other things, each Rating Agency confirms that such substitution will not adversely affect such Rating Agency's rating on the 2000 Bonds and the opinions described above are delivered. Such substitute facility provided by Fannie Mae will continue to constitute the "Initial Credit Facility" under the Resolution.

Principal Reserve Fund

The Principal Reserve Fund is established pursuant to the Resolution and is to be held by the Trustee. Pursuant to the Resolution, there is to be deposited into the Principal Reserve Fund all of the monthly payments made by the Mortgagor in accordance with the Principal Reserve Schedule attached to the Mortgage Note, as such Schedule may be amended and any amounts provided by or at the direction of the Mortgagor to replenish withdrawals from the Principal Reserve Fund described in paragraphs (1) and (2) below. *At the request of the Mortgagor, the Credit Facility Provider, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Mortgagor (unless and to the extent such amounts, in the judgment of the Corporation, are needed to be transferred to the Rebate Fund pursuant to the Resolution), (ii) no longer require deposits to the Principal Reserve Fund and/or (iii) consent to a change in the Principal Reserve Schedule. The consent of the Bondholders, the Trustee or the Corporation is <u>not</u> required for such actions. Any amounts so released shall no longer secure the 2000 Bonds.*

Any income or interest earned or gains realized in excess of losses suffered due to the investment of amounts on deposit in the Principal Reserve Fund is, if the amount in the Principal Reserve Fund is less than the Principal Reserve Amount, to be retained therein, or, if there is no such deficiency, is to be deposited to the Revenue Account following receipt, except as otherwise provided in the Resolution and except for interest income representing accrued interest, if any, included in the purchase price of the investment, which is to be retained in the Principal Reserve Fund.

Amounts in the Principal Reserve Fund will be applied by the Trustee:

(1) at the written direction of the Credit Facility Provider to reimburse the Credit Facility Provider for advances under the Credit Enhancement Instrument which were applied to pay interest due on and/or principal of the 2000 Bonds on any Interest Payment Date, Redemption Date, date of acceleration or the maturity date or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such interest and/or principal;

(2) at the written direction of the Credit Facility Provider to reimburse the Credit Facility Provider for advances under the Credit Enhancement Instrument which were applied to pay the Purchase Price of tendered 2000 Bonds to the extent that remarketing proceeds, if any, are insufficient for such purpose or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such Purchase Price;

(3) at the written direction of the Credit Facility Provider with the written consent of the Mortgagor (so long as the Mortgagor is not in default under the Mortgage, Mortgage Note, Loan Agreement, Regulatory Agreement or the Reimbursement Agreement) to make improvements or repairs to the Project; and

(4) at the written direction of the Credit Facility Provider if a default has occurred and is continuing under the Reimbursement Agreement, or if the Mortgagor otherwise consents, to any other use approved in writing by the General Counsel of the Initial Credit Facility Provider or by an Authorized Officer of any other Credit Facility Provider.

All amounts in the Principal Reserve Fund in excess of the Principal Reserve Amount (rounded down to the nearest multiple of $100,000) are required to be transferred to the Redemption Account to be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Enhancement Instrument to effect the redemption of the 2000 Bonds on the next succeeding Interest Payment Date. See "DESCRIPTION OF THE 2000 BONDS – Redemption of 2000 Bonds – Mandatory – Mandatory Redemption from Certain Transfers from Principal Reserve Fund."

The Mortgagor is entitled to direct the Trustee to transfer from the Principal Reserve Fund to the Redemption Account all or a specified portion of the amount on deposit in the Principal Reserve Fund to be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Enhancement Instrument to effect

the redemption of the 2000 Bonds as directed by the Mortgagor. Any amounts so transferred shall constitute a prepayment of the Mortgage Loan and be a Recovery of Principal. See "DESCRIPTION OF THE 2000 BONDS – Redemption of 2000 Bonds – Mandatory – Mandatory Redemption From Certain Recoveries of Principal." Also, under certain circumstances, the Credit Facility Provider can require that amounts on deposit in the Principal Reserve Fund be applied to reimburse the Credit Facility Provider for amounts advanced under the Credit Enhancement Instrument to effect the mandatory tender or mandatory redemption in whole or in part of the 2000 Bonds. See "DESCRIPTION OF THE 2000 BONDS – Redemption of 2000 Bonds – Mandatory – Mandatory Redemption Following an Event of Termination," "DESCRIPTION OF THE 2000 BONDS" – Credit Facility Provider's Right to Cause a Mandatory Tender for Purchase of 2000 Bonds Upon an Event of Termination" and "SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT – Reimbursement Agreement."

See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Principal Reserve Fund."

Additional Bonds

Additional Bonds, on parity with the 2000 Bonds then Outstanding, may be issued by the Corporation pursuant to the Resolution for any one or more of the following purposes: (i) financing increases in the Mortgage Loan, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, and (iv) paying the costs of issuance related to such Additional Bonds. For so long as the Credit Facility shall be in effect for the 2000 Bonds, no Additional Bonds shall be issued unless such Bonds are secured by the same Credit Facility in effect for the 2000 Bonds, as such Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Parity Bonds" herein.

Bonds Not a Debt of the State or the City

The Bonds are not a debt of the State of New York or of The City of New York, and neither the State nor the City shall be liable thereon, nor shall the Bonds be payable out of any funds other than those of the Corporation pledged therefor. The Corporation has no taxing power.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

Set forth below are abridged or summarized excerpts of certain sections of the Resolution. These excerpts do not purport to be complete or to cover all sections of the Resolution. Reference is made to the Resolution, copies of which are on file with the Corporation and the Trustee, for a complete statement of the rights, duties and obligations of the Corporation, the Trustee and the Bond owners thereunder.

Contract With Bond Owners – Security for Bonds – Limited Obligation

In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the provisions of the Resolution shall constitute a contract among the Corporation, the Trustee and the owners from time to time of such Bonds. The pledges and assignments made in the Resolution and the provisions, covenants and agreements therein set forth to be performed by or on behalf of the Corporation shall be for (i) the equal benefit, protection and security of the owners of any and all of such Bonds, each of which, regardless of the time of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other thereof except as expressly provided in the Resolution and (ii) the benefit of the Credit Facility Provider, as provided in the Resolution. The Corporation pledges the Revenues and all amounts held in any Account, including investments thereof, established under the Resolution, to the Trustee for the benefit of the Bond owners and the Credit Facility Provider to secure (i) the payment of the principal or Redemption Price of and interest on the Bonds (including the Sinking Fund Payments for the retirement thereof) and (ii) all obligations owed to the Credit Facility Provider under the Reimbursement Agreement, the Assignment and the Assigned Documents (as defined in the Assignment), subject to provisions permitting the use or application of such amounts for stated purposes, as provided in the

Resolution and the Assignment. The foregoing pledge does not include amounts on deposit or required to be deposited in the Rebate Fund. The Corporation also assigns to the Trustee on behalf of the Bond owners and to the Credit Facility Provider, as their interests may appear and in accordance with the terms of the Assignment, all of its right, title and interest in and to the Mortgage Loan and said Assigned Documents, except as otherwise provided in the Assignment, including but not limited to all rights to receive payments on the Mortgage Note and under the Mortgage Documents, including all proceeds of insurance or condemnation awards. The Bonds shall be special revenue obligations of the Corporation payable solely from the revenues and assets pledged under the Resolution. In addition, the Bonds shall, as and to the extent provided in the Credit Facility, be payable from Credit Facility Payments; provided, however, that the Credit Facility and the proceeds thereof shall not secure or provide liquidity for Bonds during any period they are Purchased Bonds.

Provisions for Issuance of Bonds

In order to provide sufficient funds to refinance the Project Bonds of the Corporation are authorized to be issued without limitation as to amount except as may be provided by law. The Bonds shall be executed by the Corporation for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered upon the order of the Corporation, but only upon the receipt by the Trustee of, among other things:

(a) a Bond Counsel's Opinion to the effect that (i) the Resolution and the Supplemental Resolution, if any, have been duly adopted by the Corporation and are in full force and effect and are valid and binding upon the Corporation and enforceable in accordance with their terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting creditors' rights and remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law)); (ii) the Resolution and, if applicable, such Supplemental Resolution create the valid pledge and lien which it or they purport to create of and on the Revenues and all the Accounts established under the Resolution and moneys and securities on deposit therein, subject to the use and application thereof for or to the purposes and on the terms and conditions permitted by the Resolution and such Supplemental Resolution; and (iii) upon the execution, authentication and delivery thereof, such Bonds will have been duly and validly authorized and issued in accordance with the laws of the State, including the Act as amended to the date of such Opinion, and in accordance with the Resolution and such Supplemental Resolution;

(b) a written order as to the delivery of such Bonds, signed by an Authorized Officer of the Corporation;

(c) the amount of the proceeds of such Bonds to be deposited with the Trustee pursuant to the Resolution;

(d) with respect to the 2000 Bonds, the Initial Credit Facility, or if required with respect to any Additional Bonds, the Credit Facility;

(e) with respect to the 2000 Bonds, executed copies of the Assignment, the Loan Agreement, the Regulatory Agreement, the Remarketing Agreement, the Pledge Agreement, the Tender Agent Agreement, the Mortgage, the Mortgage Note and the Credit Agreement, and with respect to Additional Bonds, such documents as are specified in the Supplemental Resolution authorizing the same; and

(f) such further documents and moneys as are required by the provisions of the Resolution or any Supplemental Resolution.

Additional Bonds

Additional Bonds may be issued, at the option of the Corporation, on a parity with the Bonds then Outstanding for the purposes of (i) financing increases in the Mortgage Loan, (ii) refunding Bonds, (iii) establishing reserves for such Additional Bonds, and (iv) paying the Costs of Issuance related to such Additional Bonds. Additional Bonds shall contain such terms and provisions as are specified in the Supplemental Resolution authorizing the same. The Supplemental Resolution authorizing such Additional Bonds shall utilize, to the extent possible, Accounts established for the Outstanding Bonds.

For so long as a Credit Facility shall be in effect for the 2000 Bonds, no Additional Bonds shall be issued unless such Bonds are secured by the same Credit Facility in effect for the 2000 Bonds, as such Credit Facility shall be amended, extended or replaced in connection with the issuance of such Additional Bonds.

Application and Disbursements of Bond Proceeds

The proceeds of sale of the Bonds, shall, as soon as practicable upon the delivery of such Bonds by the Trustee, be applied as follows:

(1) the amount, if any, received at such time as a premium above the aggregate principal amount of such Bonds shall be applied as specified in a Certificate of an Authorized Officer, and the amount, if any, received as accrued interest shall be deposited in the Revenue Account;

(2) with respect to any Series issued for the purpose of refunding Bonds, the amount, if any, required to pay Costs of Issuance, as designated by an Authorized Officer of the Corporation, shall be deposited in the Bond Proceeds Account;

(3) with respect to any Series issued for the purpose of refunding Bonds, the balance remaining after such deposits have been made as specified in (1) and (2) above shall be applied as specified in the Supplemental Resolution authorizing such Series;

(4) with respect to the 2000 Bonds, the balance remaining after such deposits have been made as specified in (1) above shall be deposited in the Bond Proceeds Account; and

(5) with respect to any Series (other than the 2000 Bonds) issued for a purpose other than refunding Bonds, the balance remaining after such deposits have been made shall be deposited in the Bond Proceeds Account.

Amounts in the Bond Proceeds Account shall not be disbursed for financing the Mortgage Loan unless, among other things, (1) the Mortgage, the Mortgage Note and any other document evidencing or securing the Mortgage Loan shall have been duly executed and delivered, (2) there shall have been filed with the Trustee an opinion of counsel to the effect that the Mortgage Loan complies with all provisions of the Act and the Resolution, together with a letter of such counsel addressed to the Credit Facility Provider, stating that the Credit Facility Provider may rely on such opinion, and (3) the Mortgage is the subject of a policy of title insurance in an amount not less than the unpaid principal balance of the Mortgage Loan insuring a mortgage lien subject only to Permitted Encumbrances and any mortgage securing bonds previously issued by the Corporation for the Project on the real property securing the Mortgage Loan.

Deposits and Investments

Any amounts held by the Trustee under the Resolution may be deposited in the corporate trust department of the Trustee and secured as provided in the Resolution. In addition, any amount held by the Trustee under the Resolution may be invested in Investment Securities. In computing the amount in any Account, obligations purchased as an investment of moneys therein shall be valued at amortized value or if purchased at par value, at par.

Upon receipt of written instructions from an Authorized Officer of the Corporation, the Trustee shall exchange any coin or currency of the United States of America or Investment Securities held by it pursuant to the Resolution for any other coin or currency of the United States of America or Investment Securities of like amount.

Any other provisions of the Resolution notwithstanding, amounts on deposit in the Credit Facility Payments Sub-Account, pending application, (i) so long as the Initial Credit Facility is in effect, shall be held uninvested, and (ii) at all other times, may only be invested in Government Obligations maturing or being redeemable at the option of the holder thereof in the lesser of thirty (30) days or the times at which such amounts are needed to be expended.

Any other provision of the Resolution notwithstanding, amounts on deposit in the Remarketing Proceeds Purchase Account, or any other funds held by or at the direction of the Tender Agent pursuant to the Resolution pending application, shall (i) so long as the Initial Credit Facility is in effect, be held uninvested, and (ii) at all other times, as otherwise provided in the Resolution or the Remarketing Agreement, as the case may be.

Establishment of Accounts

The Resolution establishes the following special trust accounts to be held and maintained by the Trustee in accordance with the Resolution:

(1) Bond Proceeds Account;

(2) Revenue Account (including the Credit Facility Payments Sub-Account therein);

(3) Redemption Account; and

(4) Principal Reserve Fund.

In the event provision is made for Alternate Security with respect to the Bonds, the Trustee may establish a special trust account with an appropriate designation, and the provisions of the Resolution applicable to the Credit Facility Payments Sub-Account shall be applicable to the newly created trust account in all respects as if the newly created trust account replaced the Credit Facility Payments Sub-Account.

Bond Proceeds Account

There shall be deposited from time to time in the Bond Proceeds Account the proceeds of the sale of Bonds representing principal or premium or other amounts required to be deposited therein pursuant to the Resolution and any other amounts determined by the Corporation to be deposited therein from time to time.

Amounts in the Bond Proceeds Account shall be expended only (i) to finance the Mortgage Loan; (ii) to pay Costs of Issuance; (iii) to pay principal or Redemption Price of and interest on the Bonds when due, to the extent amounts in the Revenue Account and the Redemption Account are insufficient for such purposes; (iv) to purchase or redeem Bonds in accordance with the Resolution; and (v) to reimburse the Credit Facility Provider for moneys obtained under the Credit Facility for the purposes set forth in (iii) above.

Revenue Account

Subject to the provisions of the Assignment, the Corporation shall cause all Pledged Receipts, excluding all amounts to be deposited pursuant to the Resolution in the Principal Reserve Fund, to be deposited in the Revenue Account. There shall also be deposited in the Revenue Account any other amounts required to be deposited therein pursuant to the Resolution, any Supplemental Resolution, the Mortgage Documents and the Loan Agreement. Except as otherwise provided in the Resolution with respect to the Principal Reserve Fund, earnings on all Accounts established under the Resolution shall be deposited, as realized, in the Revenue Account, except for moneys required to be deposited in the Rebate Fund in accordance with the provisions of the Resolution and except for interest income representing a recovery of the premium and accrued interest, if any, included in the purchase price of any

Investment Security, which shall be retained in the particular account for which the Investment Security was purchased. During the term of the Initial Credit Facility, the Trustee shall obtain moneys thereunder in accordance with the terms thereof, in a timely manner and in amounts sufficient to pay the principal or Redemption Price of and interest on the Bonds covered by the Initial Credit Facility, as such become due, whether at maturity or upon redemption or acceleration or on an Interest Payment Date or otherwise, and shall deposit such amounts in the Credit Facility Payments Sub-Account. In addition, during the term of the Initial Credit Facility, the Trustee, at the direction of the Corporation, shall obtain moneys under the Initial Credit Facility in accordance with the terms thereof, in amounts specified by the Corporation to pay such portion of the Administrative Fee due and owing to the Corporation as is secured by the Initial Credit Facility, and shall promptly transfer all such amounts to the Corporation. During the term of any other Credit Facility, the Trustee shall obtain moneys under such Credit Facility, in accordance with the terms thereof, in a timely manner, in the full amount required to pay the principal or Redemption Price of and interest on the Bonds covered by such Credit Facility as such become due, whether at maturity or upon redemption or acceleration or on an Interest Payment Date or otherwise and shall deposit such amounts in the Credit Facility Payments Sub-Account.

On or before each Interest Payment Date, the Trustee shall pay, from the sources described below and in the order of priority indicated, the amounts required for the payment of the Principal Installments, if any, and interest due on the Outstanding Bonds on such date, and on or before the Redemption Date or date of purchase (but not with respect to any purchase pursuant to the Mandatory Purchase Provision or the Demand Purchase Option), the amounts required for the payment of accrued interest on Outstanding Bonds to be redeemed or purchased (unless the payment of such accrued interest shall be otherwise provided for) as follows:

(1) first, from the Credit Facility Payments Sub-Account, and to the extent the moneys therein are insufficient for said purpose;

(2) second, from the Revenue Account, and to the extent the moneys therein are insufficient for said purpose;

(3) third, from the Redemption Account, and to the extent moneys therein are insufficient for said purpose;

(4) fourth, from the Bond Proceeds Account and to the extent that moneys therein are insufficient for said purpose; and

(5) fifth, from any other moneys held by the Trustee under the Resolution and available for such purpose.

After payment of the Principal Installments, if any, and interest due on the Outstanding Bonds has been made, and to the extent payments on the Bonds are made from the source described in subparagraph (1) above, the amounts available from the sources described in subparagraphs (2) through (5) above, in the order of priority indicated, shall be used immediately to reimburse the Credit Facility Provider for amounts obtained under the Credit Facility and so applied provided, however, that during any Weekly Rate Period, such reimbursement shall be made only if the Credit Facility Provider has notified the Trustee, in writing, that the Credit Facility Provider has not been reimbursed for said amounts obtained under the Credit Facility.

Notwithstanding any provision to the contrary which may be contained in the Resolution, (i) in computing the amount to be obtained under the Credit Facility on account of the payment of the principal of or interest on the Bonds, the Trustee shall exclude any such amounts in respect of any Bonds which are Purchased Bonds on the date such payment is due, and (ii) amounts obtained by the Trustee under the Credit Facility shall not be applied to the payment of the principal of or interest on any Bonds which are Purchased Bonds on the date such payment is due.

Any moneys accumulated in the Revenue Account up to the unsatisfied balance of each Sinking Fund Payment (together with amounts accumulated in the Revenue Account with respect to interest on the Bonds for which such Sinking Fund Payment was established) shall, if so directed in writing by the Corporation, be applied by the Trustee on or prior to the forty-fifth day preceding such Sinking Fund Payment (i) to the purchase of Bonds of

the maturity for which such Sinking Fund Payment was established, at prices (including any brokerage and other charges) not exceeding the Redemption Price plus accrued interest or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above.

Upon the purchase or redemption of any Bond for which Sinking Fund Payments have been established from amounts in the Revenue Account, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Payment thereafter to become due with respect to the Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of such Sinking Fund Payment shall be credited by the Trustee against future Sinking Fund Payments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer of the Corporation, with the consent of the Credit Facility Provider, at the time of such purchase or redemption.

As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Payment, the Trustee shall call for redemption on such due date, Bonds in such amount as shall be necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Payment. The Trustee shall so call such Bonds for redemption whether or not it then has moneys in the Revenue Account sufficient to pay the applicable Redemption Price thereof on the Redemption Date.

On each Interest Payment Date, the Trustee shall transfer from the Revenue Account (after providing for all payments required to have been made prior thereto pursuant to the Resolution) (i) first, to the Trustee, an amount equal to that portion of the Trustee's unpaid annual fees then due and owing, (ii) second, to the Tender Agent, an amount equal to that portion of the Tender Agent's unpaid annual fees then due and owing, (iii) third, to the Remarketing Agent, an amount equal to that portion of the Remarketing Agent's unpaid annual fees then due and owing, (iv) fourth, to the Corporation, an amount equal to that portion of the Administrative Fee then due and owing, (v) fifth, if so directed by the Corporation, to the Trustee, an amount equal to the Trustee's unpaid fees and expenses (other than as set forth in (i) above), (vi) sixth, if so directed by the Corporation, to the Tender Agent, an amount equal to the Tender Agent's unpaid fees and expenses (other than as set forth in (ii) above), (vii) seventh, if so directed by the Corporation, to the Remarketing Agent, an amount equal to the Remarketing Agent's unpaid fees and expenses (other than as set forth in (iii) above), (viii) eighth, if so directed by the Corporation or the Credit Facility Provider, to the Servicer, an amount equal to the Servicer's unpaid fees and expenses, (ix) ninth, if so directed by the Corporation or the Credit Facility Provider, to the Credit Facility Provider, an amount equal to any fees and expenses due and owing to the Credit Facility Provider pursuant to the Reimbursement Agreement, and (x) tenth, to the Corporation, fees and other expenses to the extent unpaid. The amount remaining after making the transfers or payments required hereinabove shall be retained in the Revenue Account. Such remaining balance shall be paid to, or upon the order of, the Mortgagor, free and clear of the lien and pledge of the Resolution, unless the Trustee receives either (i) a Certificate from the Corporation stating that an event of default exists under the Regulatory Agreement, the Commitment or, with respect to the Reserved Rights (as defined in the Loan Agreement) only, the Loan Agreement and directing that the remaining balance shall be retained in the Revenue Account, or (ii) a Certificate from the Credit Facility Provider stating that an event of default exists under the Reimbursement Agreement and directing that the remaining balance shall be retained in the Revenue Account, in which event such remaining balance shall be so retained. If the Trustee receives a Certificate from the Corporation (with respect to clause (i) of the immediately preceding sentence) or the Mortgagor acknowledged by the Credit Facility Provider (with respect to clause (ii) of the immediately preceding sentence), stating either that the applicable default has been cured or waived, or that the Corporation or the Credit Facility Provider, as the case may be, consents to the use of the remaining balance by payment to the Mortgagor, such remaining balance shall once again be paid to or upon the direction of the Mortgagor, as described above.

Redemption Account

Subject to the provisions of the Assignment, there shall be deposited in the Redemption Account all Recoveries of Principal and any other amounts which are required by the Resolution to be so deposited and any other amounts available therefor and determined by the Corporation to be deposited therein. Subject to the provisions of the Resolution or of any Supplemental Resolution authorizing the issuance of Bonds, requiring the application thereof to the payment, purchase or redemption of any particular Bonds, the Trustee shall apply amounts from the sources described in the following paragraph equal to amounts so deposited in the Redemption Account to the purchase or redemption of Bonds at the times and in the manner provided in the Resolution.

On or before a Redemption Date or date of purchase of Bonds in lieu of redemption, the Trustee shall pay, from the sources described below and in the order of priority indicated, the amounts required for the payment of the principal of Outstanding Bonds to be redeemed or purchased and cancelled on such date as follows:

(1) first, from the Credit Facility Payments Sub-Account, to the extent that funds held therein are available for such purpose under the terms of the Credit Facility, and to the extent the moneys therein are insufficient for such purpose;

(2) second, from the Redemption Account, and to the extent the moneys therein are insufficient for such purpose;

(3) third, from the Revenue Account, and to the extent the moneys therein are insufficient for such purpose;

(4) fourth, from the Bond Proceeds Account, and to the extent the moneys therein are insufficient for such purpose; and

(5) fifth, from any other moneys held by the Trustee under the Resolution and available for such purpose.

After payment of the principal of such Outstanding Bonds to be redeemed or purchased has been made, and to the extent payments for the redemption or purchase of the Bonds are made from the source described in subparagraph (1) above, amounts available from the sources described in subparagraphs (2) through (5) above, in the order of priority indicated, shall be used to reimburse the Credit Facility Provider for amounts obtained under the Credit Facility and so applied; provided, however, that during any Weekly Rate Period, such reimbursement shall be made only if the Credit Facility Provider has notified the Trustee, in writing, that the Credit Facility Provider has not been reimbursed for said amounts obtained under the Credit Facility.

Rebate Fund

The Resolution also establishes the Rebate Fund as a special trust account to be held and maintained by the Trustee. Earnings on all amounts required to be deposited in the Rebate Fund are to be deposited in the Rebate Fund.

The Rebate Fund and the amounts deposited therein shall not be subject to a security interest, pledge, assignment, lien or charge in favor of the Trustee or any Bond owner or any other person other than as set forth in the Resolution.

The Trustee, upon the receipt of a certification of the Rebate Amount from an Authorized Officer of the Corporation, shall deposit in the Rebate Fund at least as frequently as the end of each fifth Bond Year and at the time that the last Bond that is part of the Series for which a Rebate Amount is required is discharged, an amount such that the amount held in the Rebate Fund after such deposit is equal to the Rebate Amount calculated as of such time of calculation. The amount deposited in the Rebate Fund pursuant to the previous sentence shall be deposited from amounts withdrawn from the Revenue Account, and to the extent such amounts are not available in the Revenue Account, directly from earnings on the Accounts. The Trustee shall also transfer certain amounts on deposit in the Principal Reserve Fund to the Rebate Fund in accordance with the provisions of the Resolution described under "Principal Reserve Fund."

Amounts on deposit in the Rebate Fund shall be invested in the same manner as amounts on deposit in the Accounts, except as otherwise specified by an Authorized Officer of the Corporation to the extent necessary to comply with the tax covenant set forth in the Resolution, and except that the income or interest earned and gains realized in excess of losses suffered by the Rebate Fund due to the investment thereof shall be deposited in or credited to the Rebate Fund from time to time and reinvested.

In the event that, on any date of calculation of the Rebate Amount, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the Trustee, upon the receipt of written instructions from an Authorized Officer of the Corporation, shall withdraw such excess amount and deposit it in the Revenue Account.

The Trustee, upon the receipt of written instructions and certification of the Rebate Amount from an Authorized Officer of the Corporation, shall pay to the United States, out of amounts in the Rebate Fund, (i) not less frequently than once each five (5) years after the date of original issuance of each Series for which a Rebate Amount is required, an amount such that, together with prior amounts paid to the United States, the total paid to the United States is equal to 90% of the Rebate Amount with respect to each Series for which a Rebate Amount is required as of the date of such payment, and (ii) notwithstanding the provisions of the Resolution, not later than sixty (60) days after the date on which all Bonds for which a Rebate Amount is required have been paid in full, 100% of the Rebate Amount as of the date of payment.

Principal Reserve Fund

Amounts on deposit in the Principal Reserve Fund shall be applied as set forth in the Resolution. There shall be deposited into the Principal Reserve Fund all of the monthly payments made in accordance with the Principal Reserve Schedule attached to the Mortgage Note, as such schedule may be amended in accordance with the provisions of the Mortgage Note and any amounts provided by or at the direction of the Mortgagor to replenish withdrawals from the Principal Reserve Fund described in paragraphs (1) and (2) below. Any income or interest earned or gains realized in excess of losses suffered due to the investment of amounts on deposit in the Principal Reserve Fund shall, if the amount in the Principal Reserve Fund is less than the Principal Reserve Amount, be retained therein, or, if there is no such deficiency, shall be deposited to the Revenue Account following receipt, except as otherwise provided in the Resolution and except for interest income representing accrued interest, if any, included in the purchase price of the investment, which shall be retained in the Principal Reserve Fund.

In addition to the other payments required or permitted by the Resolution, amounts in the Principal Reserve Fund shall be used to pay, at the written direction of the Credit Facility Provider:

(1) to reimburse the Credit Facility Provider for advances under the Credit Facility which were used to pay interest due on and/or principal of the 2000 Bonds on any Interest Payment Date, Redemption Date, date of acceleration or the maturity date or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such interest and/or principal;

(2) to reimburse the Credit Facility Provider for advances under the Credit Facility which were used to pay the Purchase Price of tendered 2000 Bonds to the extent that remarketing proceeds, if any, are insufficient for such purpose or, in the event a Wrongful Dishonor has occurred and is continuing, to directly pay such Purchase Price;

(3) with the written consent of the Mortgagor (so long as the Mortgagor is not in default under the Mortgage, Mortgage Note, Loan Agreement, Regulatory Agreement or the Reimbursement Agreement) to make improvements or repairs to the Project; and

(4) if a default has occurred and is continuing under the Reimbursement Agreement, or if the Mortgagor otherwise consents, to any other use approved in writing by the General Counsel of the Initial Credit Facility Provider or by an Authorized Officer of any other Credit Facility Provider.

Subject to the provisions described in the succeeding paragraph, after paying debt service on each Interest Payment Date and after certain payments required by the Resolution, during the period the 2000 Bonds bear interest at the Weekly Rate, all amounts in the Principal Reserve Fund in excess of the Principal Reserve Amount (rounded down to the nearest multiple of $100,000) shall be transferred by the Trustee to the Redemption Account to be applied to the redemption of 2000 Bonds (or the reimbursement of the Credit Facility Provider in connection therewith) on the next Interest Payment Date.

If the Mortgagor certifies in writing to the Trustee and the Corporation that no "Event of Default" or "Default" exists under the Reimbursement Agreement, and if such certificate shall bear the written acknowledgement of the Credit Facility Provider, the Mortgagor shall be entitled to direct the Trustee to transfer from the Principal Reserve Fund to the Redemption Account all or a specified portion of the amount on deposit in the Principal Reserve Fund to be applied to the redemption of the 2000 Bonds or the reimbursement of the Credit Facility Provider. Any amounts so transferred shall constitute a prepayment of the Mortgage Loan at the option of the Mortgagor and shall be a Recovery of Principal; provided however, that such right of the Mortgagor to direct such transfers may be exercised only at the times, and subject to any conditions, set forth in the Loan Agreement with respect to optional prepayments of the Mortgage Loan by the Mortgagor.

Moneys on deposit in the Principal Reserve Fund shall be invested (i) so long as the Initial Credit Facility is in effect, in Investment Securities described in paragraph (A)(a) of the definition of "Investment Securities" or, to the extent otherwise permitted by the Resolution, other short-term variable rate instruments that are "Investment Securities" within the meaning of paragraph (A)(h) of the definition of "Investment Securities", and (ii) at all other times, in Government Obligations or, to the extent otherwise permitted by the Resolution, (a) other short-term variable rate instruments rated by S&P in a category equivalent to the rating then in effect for the 2000 Bonds or (b) as otherwise permitted by the Credit Facility Provider, in its sole discretion.

At the request of the Mortgagor, the Credit Facility Provider, in its sole and absolute discretion, may (i) consent to the release of all or a portion of the amounts on deposit in the Principal Reserve Fund to the Mortgagor (in which case the Trustee shall release such amounts to the Mortgagor, provided that if, in the judgment of an Authorized Officer of the Corporation, the amount on deposit in the Rebate Fund at such time is less than the Rebate Amount as of such time, prior to any such release to the Mortgagor, any amounts on deposit in the Principal Reserve Fund (up to the amount of such deficiency) shall be transferred to the Rebate Fund) and/or (ii) no longer require deposits to the Principal Reserve Fund. Any amounts so released shall no longer secure the 2000 Bonds.

Upon the occurrence and during the continuance of a PRF Triggering Event, the Credit Facility Provider shall have the absolute right, in its discretion, to require that within thirty (30) days the Mortgagor deliver (or cause to be delivered) a PRF Letter of Credit to the Trustee, for deposit in the Principal Reserve Fund, by delivering to the Mortgagor, the Trustee and the Corporation a Notice stating that a "PRF Triggering Event" has occurred under the Reimbursement Agreement; provided, however, that no such deposit of a PRF Letter of Credit, and no release of moneys or Investment Securities pursuant to the next succeeding paragraph shall be effected, unless prior thereto or concurrently therewith the Mortgagor shall deliver (or cause to be delivered) to the Trustee and the Corporation the following opinions, in form and substance satisfactory to the Corporation, the Trustee and the Credit Facility Provider, of Bond Counsel (or, in the case of the opinion described in clause (z), other counsel), who is reasonably acceptable to the Corporation, the Trustee and the Credit Facility Provider: (y) an opinion to the effect that neither the delivery and deposit of such PRF Letter of Credit, nor such release of moneys and Investment Securities from the Principal Reserve Fund, will adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2000 Bonds, and (z) an opinion to the effect that such PRF Letter of Credit is a legal, valid and binding obligation of the provider thereof and is enforceable against said provider in accordance with its terms.

Upon delivery to the Trustee of a PRF Letter of Credit, if the opinions required by the next preceding paragraph shall have been delivered, the Trustee shall release, to or upon the order of the Mortgagor, all moneys and Investment Securities then on deposit in the Principal Reserve Fund; provided that the aggregate amount so released shall not exceed the amount then available to be drawn under the PRF Letter of Credit.

Moneys drawn or to be drawn under a PRF Letter of Credit shall constitute amounts on deposit in the Principal Reserve Fund for the purposes of the Resolution. The Trustee shall draw upon a PRF Letter of Credit for payment, transfer or other application in accordance with the Resolution (including, without limitation, at the direction of the Credit Facility Provider in accordance with clauses (1) through (4) above).

If the Mortgagor certifies in writing to the Trustee and the Corporation that (i) no "Event of Default" or "Default" continues under the Reimbursement Agreement and (ii) certain debt service coverage ratio requirements have been met, and if such certificate shall bear the written acknowledgement of the Credit Facility Provider, then the Trustee shall surrender the PRF Letter of Credit to the provider thereof in simultaneous exchange for an amount of money equal to the face amount of such PRF Letter of Credit, which money shall be deposited in the Principal

Reserve Fund; provided, however, that no such surrender of the PRF Letter of Credit shall be made unless prior thereto the Mortgagor shall deliver (or cause to be delivered) to the Corporation, the Trustee and the Credit Facility Provider an opinion, in form and substance satisfactory to the Corporation, the Trustee and the Credit Facility Provider, of Bond Counsel who is reasonably acceptable to the Corporation, the Trustee and the Credit Facility Provider to the effect that such surrender and exchange will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2000 Bonds.

Unless otherwise directed by the Credit Facility Provider, if the amount available to be drawn under a PRF Letter of Credit held by the Trustee does not, by its terms, automatically increase from time to time by the amounts required at such times to be paid by the Mortgagor for deposit in the Principal Reserve Fund, then, no later than the date on which a deposit to the Principal Reserve Fund is required to be made, the Mortgagor shall deliver (or cause to be delivered) to the Trustee, for deposit in the Principal Reserve Fund, an amendment to the PRF Letter of Credit increasing the amount available to be drawn under the existing PRF Letter of Credit by an amount equal to the monthly deposit by the Mortgagor which is required to be made to the Principal Reserve Fund, or an additional PRF Letter of Credit in an amount available to be drawn thereunder equal to such required monthly deposit or a substitute PRF Letter of Credit in an amount available to be drawn thereunder equal to the amount available to be drawn under the existing PRF Letter of Credit plus such monthly deposit. Upon delivery to the Trustee of a substitute PRF Letter of Credit as provided in this paragraph, the Trustee shall release, to or upon the order of the Mortgagor, the PRF Letter of Credit to be replaced. Such amendment, additional PRF Letter of Credit or substitute PRF Letter of Credit shall be deemed to satisfy the Mortgagor's obligation to pay such monthly deposit; provided, however, that no such deposit of such an amendment, additional PRF Letter of Credit or substitute PRF Letter of Credit, and no such release, shall be effected unless prior thereto the Mortgagor shall deliver (or cause to be delivered) to the Trustee, the Corporation and the Credit Facility Provider the following opinions, in form and substance satisfactory to the Corporation, the Trustee and the Credit Facility Provider, of Bond Counsel (or, in the case of the opinion described in clause (z), other counsel), who is reasonably acceptable to the Corporation, the Trustee and the Credit Facility Provider: (y) an opinion to the effect that the delivery and deposit of the amendment, additional PRF Letter of Credit or substitute PRF Letter of Credit will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2000 Bonds, and (z) an opinion to the effect that the amendment, additional PRF Letter of Credit or substitute PRF Letter of Credit is a legal, valid, and binding obligation of the provider thereof and is enforceable against said provider in accordance with its terms.

If (i) ten (10) Business Days prior to the expiration of a PRF Letter of Credit it has not been extended for an additional period of at least 364 days or (ii) the Trustee has not received the amendment to the PRF Letter of Credit, additional PRF Letter of Credit or substitute PRF Letter of Credit as described in the preceding paragraph, then the Trustee shall draw the full amount available to be drawn under the PRF Letter of Credit. In the event of such a draw, the Credit Facility Provider shall have the right to direct the Trustee to cause the mandatory redemption or mandatory tender of 2000 Bonds in whole or in part in an amount not exceeding the amount so drawn under the PRF Letter of Credit. If the Mortgagor fails to provide a PRF Letter of Credit in accordance with the provisions of the fifth preceding paragraph, the Credit Facility Provider shall have the right to direct the Trustee to apply amounts in the Principal Reserve Fund for the mandatory redemption or mandatory tender of the 2000 Bonds in whole or in part in an amount not exceeding the amount on deposit in the Principal Reserve Fund.

Immediately after the Trustee shall have obtained actual knowledge of a downgrading of the long-term debt obligations of the PRF Letter of Credit issuer below "BBB" by S&P or "Baa" by Moody's, or thirty (30) days after a downgrading of the long-term debt obligations of the PRF Letter of Credit issuer below "A" to a rating of "BBB" or above by S&P or "Baa" or above by Moody's, the Trustee shall draw the full amount available to be drawn under the PRF Letter of Credit. In the event of such a draw, the Credit Facility Provider shall have the right to direct the Trustee to cause the mandatory redemption or mandatory tender of 2000 Bonds in whole or in part in an amount not exceeding the amount so drawn under the PRF Letter of Credit.

Payment of Bonds

The Corporation covenants that it will duly and punctually pay or cause to be paid, as provided in the Resolution, the principal or Redemption Price of every Bond and the interest thereon, at the dates and places in the manner stated in the Bonds, according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any of the Bonds.

Tax Covenants

The following covenants are made solely for the benefit of the owners of, and shall be applicable solely to, the 2000 Bonds and any Additional Bonds, as designated in a Supplemental Resolution, to which the Corporation intends that the following covenants shall apply:

The Corporation shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the Bonds shall be excluded from gross income for Federal income tax purposes, except in the event that the owner of any such Bond is a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of the Code.

The Corporation shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Corporation to be used directly or indirectly to acquire any securities, obligations or other investment property, the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148(a) of the Code.

The Corporation shall not permit any person or "related person" (as defined in the Code) to purchase Bonds (other than Purchased Bonds) in an amount related to the Mortgage Loan to be acquired by the Corporation from such person or "related person."

Covenants with Respect to Mortgage Loan

In order to pay the Principal Installments of and interest on the Bonds when due, the Corporation covenants that it shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Resolution and sound banking practices and principles, (i) use and apply the proceeds of the Bonds, to the extent not reasonably or otherwise required for other purposes of the kind permitted by the Resolution, to finance the Mortgage Loan pursuant to the Act and the Resolution and any applicable Supplemental Resolution (ii) do all such acts and things as shall be necessary to receive and collect Pledged Receipts (including diligent enforcement of the prompt collection of all arrears on the Mortgage Loan) and Recoveries of Principal, and (iii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to protect its rights with respect to or to maintain any insurance on the Mortgage Loan or any subsidy payments in connection with the Project or the occupancy thereof and to enforce all terms, covenants and conditions of the Mortgage Loan, the Mortgage, the Mortgage Note and all other documents which evidence or secure the Mortgage Loan, including the collection, custody and prompt application of all Escrow Payments for the purposes for which they were made; provided, however, that the obligations of the Corporation in (ii) and (iii) above shall be suspended during the term of the Assignment, except as otherwise provided in the Assignment.

Issuance of Additional Obligations

The Corporation shall not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a superior or, except in the case of Bonds, an equal charge and lien on the Revenues and assets pledged under the Resolution. The Corporation shall not create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a subordinate charge and lien on the Revenues and assets pledged under the Resolution unless the Corporation shall have received the written consent of the Credit Facility Provider.

Accounts and Reports

The Corporation shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Mortgage Loan and all Accounts established by the Resolution which shall at all reasonable times be subject to the inspection of the Trustee, the Credit Facility Provider, the Servicer (as to the Mortgage Loan) and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing. The Corporation may authorize or permit the Trustee to keep such books on behalf of the Corporation.

If at any time during any fiscal year there shall have occurred an Event of Default or an Event of Default shall be continuing, then the Corporation shall file with the Trustee, the Credit Facility Provider and the Servicer, within forty-five days after the close of such fiscal year, a special report accompanied by an Accountant's Certificate as to the fair presentation of the financial statements contained therein, setting forth in reasonable detail the individual balances and receipts and disbursements for each Account under the Resolution.

The Corporation shall annually, within one hundred twenty (120) days after the close of each fiscal year of the Corporation, file with the Trustee, the Credit Facility Provider and the Servicer a copy of an annual report as to the operations and accomplishments of the various funds and programs of the Corporation during such fiscal year, and financial statements for such fiscal year, setting forth in reasonable detail: (i) the balance sheet with respect to the Bonds and Mortgage Loan, showing the assets and liabilities of the Corporation at the end of such fiscal year; (ii) a statement of the Corporation's revenues and expenses in accordance with the categories or classifications established by the Corporation in connection with the Bonds and Mortgage Loan during such fiscal year; (iii) a statement of changes in fund balances, as of the end of such fiscal year; and (iv) a statement of cash flows, as of the end of such fiscal year. The financial statements shall be accompanied by the Certificate of an Accountant stating that the financial statements examined present fairly the financial position of the Corporation at the end of the fiscal year, the results of its operations and the changes in its fund balances and its cash flows for the period examined, in conformity with generally accepted accounting principles applied on a consistent basis except for changes with which such Accountant concurs.

Except as provided in the second preceding paragraph, any such financial statements may be presented on a consolidated or combined basis with other reports of the Corporation.

A copy of each annual report or special report and any Accountant's Certificate relating thereto shall be mailed promptly thereafter by the Corporation to each Bond owner who shall have filed such owner's name and address with the Corporation for such purposes.

No Disposition of Credit Facility

The Trustee shall not, without the prior written consent of the owners of all of the Bonds then Outstanding, transfer, assign or release the Credit Facility except (i) to a successor Trustee, or (ii) to the Credit Facility Provider either (1) upon receipt of an Alternate Security, or (2) upon expiration or other termination of the Credit Facility in accordance with its terms, including termination on its stated expiration date or upon payment thereunder of the full amount payable thereunder, or (3) upon election of the Corporation changing a Fixed Rate Period in accordance with the Resolution. Except as aforesaid, the Trustee shall not transfer, assign or release the Credit Facility until the principal of and interest on the Bonds shall have been paid or duly provided for in accordance with the terms of the Resolution. Notwithstanding the foregoing, the substitution described in the definition of the term "Initial Credit Facility" is not prohibited by the foregoing.

Supplemental Resolutions

Any modification of or amendment to the provisions of the Resolution and of the rights and obligations of the Corporation and of the owners of the Bonds may be made by a Supplemental Resolution, with the written consent given as provided in the Resolution, (i) of the owners of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the owners of at least two-thirds in principal amount of the Bonds so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Payment, of the owners of at least two-thirds in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Payment and Outstanding at the time such consent is given; provided, however, that a modification or amendment referred to in (iii) above shall not be permitted unless the Trustee shall have received a Bond Counsel's Opinion to the effect that such modification or amendment does not adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bonds to which the tax covenants apply. If any such modification or amendment will not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under

this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the owner of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or the Credit Facility Provider without its written assent thereto.

The Corporation may adopt, without the consent of any owners of the Bonds, Supplemental Resolutions to, among other things, provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on the issuance of other evidences of indebtedness; add to the covenants and agreements of or limitations and restrictions on, the Corporation's other covenants and agreements or limitations and restrictions which are not contrary to or inconsistent with the Resolution; surrender any right, power or privilege of the Corporation under the Resolution but only if such surrender is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Resolution; confirm any pledge under the Resolution, of the Revenues or of any other revenues or assets; modify any of the provisions of the Resolution in any respect whatsoever (but no such modification shall be effective until all Bonds theretofore issued are no longer Outstanding); provide for the issuance of Bonds in coupon form payable to bearer; authorize the issuance of Additional Bonds and prescribe the terms and conditions thereof; provide for such changes as are deemed necessary or desirable by the Corporation in connection with either providing a book-entry system with respect to a Series of Bonds or discontinuing a book-entry system with respect to a Series of Bonds; provide for such changes as are deemed necessary or desirable by the Corporation to take effect on a Change Date on which 100% of the Bonds are subject to mandatory tender; cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision in the Resolution (provided that the Trustee shall consent thereto); comply with the Code; provide for such changes as are deemed necessary by the Corporation upon delivery of an Alternate Security; or make any additions, deletions or modifications to the Resolution which, in the opinion of the Trustee, are not materially adverse to the interests of the Bond owners.

Notwithstanding anything to the contrary contained in the Resolution, for so long as the Credit Agreement shall be in full force and effect, no supplement, modification or amendment of the Resolution shall take effect without the prior written consent of the Credit Facility Provider.

Amendments, Changes and Modifications to the Credit Facility.

Subject to the provisions of the Resolution, the Trustee may, without the consent of the owners of the Bonds, consent to any amendment of the Credit Facility which does not prejudice in any material respect the interests of the Bondholders. Prior to consenting to any amendment to the Credit Facility, the Trustee shall be entitled to request and receive an opinion of counsel to the effect that all conditions precedent to such amendment have been satisfied. Except for such amendments, the Credit Facility may be amended only with the consent of the Trustee and the owners of a majority in aggregate principal amount of Outstanding Bonds, except that, without the written consent of the owners of all Outstanding Bonds, no amendment may be made to the Credit Facility which would reduce the amounts required to be paid thereunder or change the time for payment of such amounts; provided that any such amounts may be reduced without such consent solely to the extent that such reduction represents a reduction in any fees payable from such amounts.

Events of Default and Termination

Each of the following events set forth in clauses (1) through (4) below constitutes an "Event of Default" and the following event set forth in clause (5) below constitutes an "Event of Termination" with respect to the Bonds: (1) payment of the principal or Redemption Price, if any, of or interest on any Bond (other than Purchased Bonds) when and as the same shall become due, whether at maturity or upon call for redemption or otherwise, shall not be made when and as the same shall become due; (2) payment of the Purchase Price of any 2000 Bond (other than Purchased Bonds) tendered in accordance with the Resolution shall not be made when and as the same shall become due; (3) an Act of Bankruptcy of the Corporation; (4) the Corporation shall fail or refuse to comply with the provisions of the Resolution or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Resolution or in any applicable Supplemental Resolution or the Bonds (other than any such default resulting in an Event of Default described in clause (1) or (2) above), and such failure, refusal or default shall continue for a period of thirty days after written notice thereof by the Trustee or the owners

of not less than 5% in principal amount of the Outstanding Bonds, provided that the Credit Facility Provider shall have consented in writing to the same constituting an Event of Default; or (5) receipt by the Trustee of written notice from the Credit Facility Provider that (i) an "Event of Default" has occurred and is continuing under the Credit Agreement, (ii) the Mortgagor has failed to (A) provide a PRF Letter of Credit in accordance with the Resolution, (B) amend, supplement or replace the PRF Letter of Credit in accordance with the Resolution and the Reimbursement Agreement, or (C) provide an extension of such PRF Letter of Credit for at least 364 days, or (iii) the long-term debt obligations of the issuer of a PRF Letter of Credit have been downgraded below "BBB" by S&P or "Baa" by Moody's or 30 days have elapsed since a downgrading of the long-term debt obligations of the issuer of a PRF Letter of Credit below "A" to a rating of "BBB" or above by S&P or "Baa" or above by Moody's, in each case together with a written direction from the Credit Facility Provider to the Trustee to exercise either the remedy set forth in clause (5) of the following paragraph or the remedy set forth in clause (8) of the following paragraph as provided in such direction.

Remedies

Upon the happening and continuance of an Event of Termination specified in the Resolution, the Trustee shall proceed, in its own name pursuant to the direction of the Credit Facility Provider as described in clause (5) of the preceding paragraph, to protect and enforce the remedies of the Bond owners and the Credit Facility Provider by the remedies set forth in either clause (5) or (8) below; provided, however, the Trustee shall enforce the remedy set forth in clause (5) and clause (8) below within the time limits provided therein. Upon the happening and continuance of any Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee, with the prior written consent of the Credit Facility Provider shall proceed, or upon the happening and continuance of any Event of Default specified in clause (3) or (4) of the preceding paragraph, the Trustee, with the prior written consent of the Credit Facility Provider, may proceed and, upon the written direction of the Credit Facility Provider or at the written request of the owners of not less than 25% in principal amount of the Outstanding Bonds (together with the written consent of the Credit Facility Provider), shall proceed, in its own name, subject, in each such case, to the provisions of the Resolution, to protect and enforce the rights of the Bond owners by the remedies specified below for particular Events of Default, and such other of the remedies set forth in clauses (1) through (7) below, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights: (1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Bond owners, including the right to require the Corporation to receive and collect Revenues adequate to carry out the covenants and agreements as to the Mortgage Loan (subject to the provisions of the Assignment) and to require the Corporation to carry out any other covenants or agreements with such Bond owners, and to perform its duties under the Act; (2) by bringing suit upon the Bonds; (3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds; (4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds; (5) with the prior written consent of the Credit Facility Provider in the case of an Event of Default or upon the written direction described in clause (5) of the preceding paragraph in the case of an Event of Termination and upon immediate notice to the Corporation, Mortgagor, Credit Facility Provider and the Servicer, by immediately declaring all Bonds or, with respect to an Event of Termination, a portion of one or more Series of the 2000 Bonds in the principal amount specified by the Credit Facility Provider, due and payable whereupon, with respect to any affected 2000 Bonds, such Bonds shall be immediately redeemed, without premium, pursuant to the Resolution, provided that upon the happening and continuance of an Event of Default specified in clause (1) or (2) of the preceding paragraph, the Trustee, with the prior written consent of the Credit Facility Provider shall declare all Bonds due and payable, and provided, further, that with respect to an Event of Termination set forth in clause (ii) or (iii) of clause (5) of the preceding paragraph, the amount so specified by the Credit Facility Provider shall not exceed the amount on deposit in the Principal Reserve Fund or the amount available to be drawn under the PRF Letter of Credit, as the case may be; (6) in the event that all Outstanding Bonds are declared due and payable, by selling the Mortgage Loan (subject to the provisions of the Assignment) and any Investment Securities securing such Bonds; (7) by taking such action with respect to or in connection with the Credit Facility, in accordance with its terms, as the Trustee deems necessary to protect the interests of the owners of the 2000 Bonds; or (8) upon the happening and continuance of an Event of Termination and upon receipt of written direction from the Credit Facility Provider, by carrying out a purchase of all or, if so designated by the Credit Facility Provider, a portion of, the 2000 Bonds pursuant to the Resolution on a date specified by the Credit Facility Provider, which date shall not be later than eight (8) days following receipt by the Trustee of such direction; provided that with respect to an Event of Termination set forth in clause (ii) or (iii) of clause (5) of the preceding

paragraph, the amount so designated by the Credit Facility Provider shall not exceed the amount on deposit in the Principal Reserve Fund or the amount available to be drawn under the PRF Letter of Credit, as the case may be.

Anything in the Resolution to the contrary notwithstanding, except as otherwise provided in clause (5) or (8) of the preceding paragraph, the owners of the majority in principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Resolution, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Resolution, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond owners not parties to such direction and provided, further, that notwithstanding the foregoing, the right of such Bond owners to direct proceedings shall be subject to the rights of the Credit Facility Provider, it being understood that the Credit Facility Provider shall in all cases be entitled to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Resolution so long as the Credit Agreement is in full force and effect and no Wrongful Dishonor shall have occurred and be continuing.

No owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Resolution, or for the protection or enforcement of any right under the Resolution unless a Wrongful Dishonor shall have occurred and be continuing and such owner shall have given to the Trustee and the Credit Facility Provider written notice of the Event of Default or an Event of Termination or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the owners of not less than 25% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Resolution or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the fees, costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Nothing contained in the Resolution shall affect or impair the right of any Bond owner to enforce the payment of the principal of and interest on such owner's Bonds, or the obligation of the Corporation to pay the principal of and interest on each Bond to the owner thereof at the time and place in said Bond expressed.

Unless remedied or cured, the Trustee shall give to the Bond owners notice of each Event of Default or Event of Termination under the Resolution known to the Trustee within ninety days after actual knowledge by the Trustee of the occurrence thereof; provided that in the case of the 2000 Bonds, such notice need not be given with respect to any 2000 Bonds for which the Trustee has proceeded to carry out a mandatory purchase of such 2000 Bonds as described in clause (8) under the heading "Events of Default and Termination" above or has proceeded to carry out a redemption of such 2000 Bonds as described in clause (5) under the heading "Events of Default and Termination" above. However, except in the case of default in the payment of the principal or Redemption Price, if any, of or interest on any of the Bonds, or in the making of any payment required to be made into the Bond Proceeds Account, the Trustee may withhold such notice if it determines that the withholding of such notice is in the interest of the Bond owners.

Priority of Payments After Event of Default or Event of Termination

In the event that upon the happening and continuance of any Event of Default or an Event of Termination the funds held by the Trustee shall be insufficient for the payment of the principal or Redemption Price, if any, of interest then due on the Bonds affected, such funds (other than funds held for the payment or redemption of particular Bonds which have theretofore become due at maturity or by call for redemption) and any other amounts received or collected by the Trustee acting pursuant to the Act and the Resolution, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the owners of such Bonds and for the payment of the fees, charges and expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the Resolution, shall be applied in the order or priority with respect to Bonds as set forth in the following paragraph and as follows:

(1) Unless the principal of all of such Bonds shall have become or have been declared due and payable, first to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay

in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; second, to the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any such Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference; and third, to the payment of amounts owed to the Credit Facility Provider under the Reimbursement Agreement or under any other agreement or document securing obligations owed by the Mortgagor to the Credit Facility Provider or otherwise relating to the provision of the Credit Facility, including amounts to reimburse the Credit Facility Provider to the extent it has made payments under the Credit Facility.

(2) If the principal of all such Bonds shall have become or have been declared due and payable, first, to the payment of the principal and interest then due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds, and second, to pay the Credit Facility Provider amounts owed to it under the Reimbursement Agreement, including reimbursement to the extent it has made payments under the Credit Facility.

If, at the time the Trustee is to apply amounts in accordance with the provisions of the preceding paragraph, any of the Bonds Outstanding are Purchased Bonds, the Trustee shall make the payments with respect to the Bonds prescribed by the preceding paragraph, first, to the owners of all Bonds Outstanding other than Purchased Bonds and second, to the owner of Purchased Bonds.

Rights of the Credit Facility Provider

Notwithstanding anything contained in the Resolution to the contrary, (i) all rights of the Credit Facility Provider under the Resolution, including, but not limited to, the right to consent to, approve, initiate or direct extensions, remedies, waivers, actions and amendments thereunder shall (as to the Credit Facility Provider) cease, terminate and become null and void (a) if, and for so long as, there is a Wrongful Dishonor of the Credit Facility by the Credit Facility Provider, or (b) if the Credit Agreement is no longer in effect; provided, however, that notwithstanding any such Wrongful Dishonor, the Credit Facility Provider shall be entitled to receive notices pursuant to the Resolution in accordance with the terms of the Resolution and (ii) if, and for so long as, there is a Wrongful Dishonor of the Credit Facility by the Credit Facility Provider or if the Credit Agreement is no longer in effect, all rights of the Credit Facility Provider with respect to the Principal Reserve Fund (including, but not limited to, directing the use of amounts therein) may be exercised by the Corporation.

Payments Due on Days Not Business Days

If the date for making any payment of principal or Redemption Price of or interest on any of the Bonds shall be a day other than a Business Day, then payment of such principal or Redemption Price of or interest on such Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date originally fixed for such payment, and in the case of such payment no interest shall accrue for the period commencing on such date originally fixed for such payment and ending on such next succeeding Business Day.

SUMMARY OF CERTAIN PROVISIONS OF THE REIMBURSEMENT AGREEMENT

The Credit Enhancement Instrument is issued pursuant to the Reimbursement Agreement which obligates the Mortgagor, among other things, to reimburse Fannie Mae for funds provided by Fannie Mae under the Credit Enhancement Instrument and to pay various fees and expenses, in each case as provided in the Reimbursement Agreement. The Reimbursement Agreement governs obligations of the Mortgagor to Fannie Mae on account of Fannie Mae providing such credit enhancement.

The Reimbursement Agreement sets forth various affirmative and negative covenants of the Mortgagor.

Set forth below is an abridged or summarized excerpt of the events of default and remedies sections of the Reimbursement Agreement. This excerpt does not purport to be complete or to cover all sections of the Reimbursement Agreement. Reference is made to the Reimbursement Agreement, a copy of which is on file with the Trustee, for a complete statement of the rights, duties and obligations of Fannie Mae and the Mortgagor.

Events of Default

The occurrence of any one or more of the following events constitutes an event of default under the Reimbursement Agreement:

(i) the occurrence and continuance of an "Event of Default" as such term is defined under any Borrower Document or the breach beyond any applicable grace period by the Mortgagor of its covenants, agreements or obligations under any Borrower Document; or

(ii) the failure by the Mortgagor to pay any amount due and owing under the Reimbursement Agreement, the Mortgage Note, any Mortgage or any other Borrower Document, other than as set forth in (iii) below; or

(iii) the failure of the Mortgagor to pay any amounts relating to certain fees due and owing under the Reimbursement Agreement within five (5) days after receipt of notice from the Servicer or Fannie Mae that such amounts are due and owing; or

(iv) the failure of the Mortgagor to perform or observe certain covenants, conditions or agreements set forth in the Reimbursement Agreement; or

(v) the failure by the Mortgagor to perform or observe certain other covenants set forth in the Reimbursement Agreement, within ten (10) days after receipt of notice from the Servicer or Fannie Mae identifying such failure; or

(vi) the failure by the Mortgagor to perform or observe any covenant, condition or agreement required to maintain its status as a single-purpose entity within twenty (20) days after receipt of notice from the Servicer or Fannie Mae identifying such failure, it being agreed by Fannie Mae that, if any inadvertent failure of the Mortgagor to perform or observe any such covenant, condition or agreement cannot be undone retroactively, such failure shall be deemed to be cured if within such 20 day period the Mortgagor corrects such failure prospectively, makes any appropriate economic adjustment that may be required to remedy such failure, and notifies any third party that had been misinformed by reason of such failure that an error had been made; or

(vii) the failure by the Mortgagor to perform or observe any term, covenant, condition or agreement set forth in the Reimbursement Agreement not specified in (i) through (vi) above within thirty (30) days after receipt of notice from the Servicer or Fannie Mae identifying such failure; *provided, however*, that if such failure shall be such that, in Fannie Mae's sole and exclusive judgment, it cannot be corrected within such period, it shall not constitute an "Event of Default" under the

Reimbursement Agreement if such failure is correctable, in Fannie Mae's sole and exclusive judgment, without resulting in a material adverse effect on the Mortgagor or the Project and if corrective action is instituted by the Mortgagor within such period and pursued diligently and in good faith, to Fannie Mae's sole and exclusive satisfaction, until the failure is corrected, and provided further that any such failure shall have been cured within ninety (90) days of receipt of notice of such failure; or

(viii) any warranty, representation or other written statement made by the Mortgagor, the general partner of the Mortgagor, Related L.P. or the vice president of the general partner of the Mortgagor contained in the Reimbursement Agreement, any Borrower Document or in any instrument furnished in compliance with any of the foregoing, is false or misleading in any material respect on any date when made or deemed made; or

(ix) (i) the Mortgagor, the general partner of the Mortgagor or Related L.P. shall (A) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (B) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, debt adjustment, winding up or composition or adjustment of its debts, (C) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (D) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its property, domestic or foreign, (E) admit in writing its inability to pay, or generally not be paying its debts as they become due, (F) make a general assignment for the benefit of creditors, (G) dissolve or liquidate for any reason (whether voluntary or involuntary), (H) take any corporate action for the purpose of effecting any of the foregoing or (I) suffer an attachment or other judicial seizure of any substantial portion of its assets or suffer an execution of a substantial portion of its assets and such seizure is not discharged or released by bonding or the posting of other security acceptable in form and substance to Fannie Mae within thirty days; or (ii) a case or other proceeding shall be commenced against the Mortgagor, the general partner of the Mortgagor or Related L.P. in any court of competent jurisdiction seeking (A) relief under the federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (B) the appointment of a trustee, receiver, custodian, liquidator or the like of the Mortgagor, the general partner of the Mortgagor or Related L.P., or of all or a substantial part of the property, domestic or foreign, of the Mortgagor, the general partner of the Mortgagor or Related L.P. and any such case or proceeding shall continue undismissed or unstayed for a period of sixty (60) consecutive calendar days, or any order granting the relief requested in any such case or proceeding against the Mortgagor, the general partner of the Mortgagor or Related L.P. (including, but not limited to, an order for relief under such federal bankruptcy laws) shall be entered; or

(x) any material provision of the Reimbursement Agreement or any Borrower Document or the liens and security interests purported to be created under the Reimbursement Agreement or under any Borrower Document shall at any time for any reason cease to be valid and binding in accordance with its terms on the Corporation, the Mortgagor, the general partner of the Mortgagor or Related L.P. or shall be declared to be null and void, or the validity or enforceability thereof, or the validity or priority of the liens and security interests created under the Reimbursement Agreement or under any Borrower Document shall be contested by the Corporation, the Mortgagor, the general partner of the Mortgagor or Related L.P. seeking to establish the invalidity or unenforceability thereof or the Corporation, the Mortgagor, the general partner of the Mortgagor or Related L.P., as the case may be, shall deny that it has any further liability or obligation under the Reimbursement Agreement or under any Borrower Document; provided, however, in the event of a Corporation contest or denial of further liability or obligation, Fannie Mae must determine in its sole and exclusive judgment, that such contest or denial will have a material adverse effect on Fannie Mae's interest, rights or remedies under the Reimbursement Agreement or under any Borrower Document, or on the collateral pledged to Fannie Mae by the Mortgagor; or

(xi) (a) the execution by the Mortgagor of a chattel mortgage or other security agreement on any materials, fixtures or articles used in the construction or operation of the Project except with respect to leases or chattel mortgages or other similar financing arrangements relating to furniture in

the model units and except for immaterial purchase money liens on any personal property incurred in the normal course of business, or (b) any such materials, fixtures or articles are purchased pursuant to any conditional sales contract or other security agreement or otherwise so that the ownership thereof will not vest unconditionally in the Mortgagor free from encumbrances except with respect to leases or chattel mortgages or other similar financing arrangements relating to furniture in the model units, or (c) the Mortgagor does not furnish to Fannie Mae upon request the contracts, bills of sale, statements, receipted vouchers and agreements, or any of them, under which the Mortgagor claims title to such materials, fixtures, or articles; or

(xii) Fannie Mae shall have given the Mortgagor or the general partner of the Mortgagor written notice that any Purchased Bonds have not been remarketed within one year following purchase by the Trustee on behalf of the Mortgagor and the Mortgagor or the general partner of the Mortgagor has not reimbursed Fannie Mae for the applicable advance and activity fee under the Credit Enhancement Instrument and/or has not replenished the withdrawal from the Principal Reserve Fund; or

(xiii) any judgment against the Mortgagor or the general partner of the Mortgagor or any attachment or other levy against the property of the Mortgagor or the general partner of the Mortgagor with respect to a claim remains unpaid, unstayed on appeal, undischarged, unbonded, not fully insured or undismissed for a period of thirty (30) days; or

(xiv) failure, upon request, to furnish to Fannie Mae the results of official searches made by any governmental authority, or the failure by the Mortgagor to comply with any requirement of any governmental authority within the time period required by such governmental authority; or

(xv) the failure by the Mortgagor to cause the gross cash flow generated by the Project (including rents and other income or receipts) to be deposited into the central bank account (the "Central Account") established pursuant to a cash management agreement among the Mortgagor, Fannie Mae and the Servicer when required by the Reimbursement Agreement and such cash management agreement; or

(xvi) upon (i) OTR exercising its right under the OTR Commitment to manage, direct and control the operation of the Mortgagor and the Project, or (ii) OTR becoming owner of the general partnership interests in the Mortgagor or (iii) OTR becoming owner of sufficient partnership interests in the Mortgagor to exercise control over the operations and management of the Mortgagor, the failure by OTR to obtain Fannie Mae's written consent prior to hiring a new Manager (which consent shall not be unreasonably withheld) or to, at Fannie Mae's request, hire a new Manager acceptable to Fannie Mae in its reasonable discretion, in each case pursuant to a management agreement approved in writing by Fannie Mae in its reasonable discretion and subject to the management subordination agreement and an assignment of the management agreement in form and substance acceptable to Fannie Mae in its reasonable discretion; or

(xvii) any other indebtedness of or assumed by the Mortgagor (i) is not paid when due nor within any applicable grace period in any agreement or instrument relating to such indebtedness or (ii) becomes due and payable before its normal maturity by reason of a default or event of default, however described, or any other event of default shall occur and continue after the applicable grace period, if any, specified in the agreement or instrument relating to such indebtedness; or

(xviii) in the event OTR shall initiate foreclosure or similar proceeding in connection with its rights as a secured party under the OTR Commitment, the Collateral Assignment or any other agreements, assignments or documents relating thereto, and OTR fails to bid at least the entire amount of debt owed to OTR pursuant to the OTR Commitment at such foreclosure or similar proceeding; or

(xix) the occurrence of certain specified events, including certain transfers relating to the Project and transfers of ownership interests in, and control over, the Mortgagor and/or the creation of certain liens encumbering the Project or such ownership interests that are not permitted under the Reimbursement Agreement.

Remedies

Upon the occurrence and during the continuance of an "Event of Default" under the Reimbursement Agreement described above, Fannie Mae may, but shall not be obligated to, exercise any or all of the following remedies:

(i) declare all amounts payable by the Mortgagor under the Reimbursement Agreement or the other Borrower Documents to be forthwith due and payable, and the same shall thereupon become due and payable without demand, presentment, protest or notice of any kind, all of which are expressly waived; or

(ii) exercise all or any of its rights and remedies as it may otherwise have under applicable law and under the Reimbursement Agreement or the other Borrower Documents or otherwise by such suits, actions, or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for specific performance of any covenant or agreement contained in the Reimbursement Agreement or any other Borrower Document, or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy; or

(iii) demand and the Mortgagor shall provide cash collateral or government obligations in the full amount of the outstanding obligations under all of the 2000 Bonds whether or not then due and payable; or

(iv) apply all or any portion of the collateral pledged by the Mortgagor to Fannie Mae to any obligations of the Mortgagor under the Reimbursement Agreement or any other Borrower Document in such amounts, at such times and in such order as determined by Fannie Mae; including among other things, applying funds or directing the Trustee or Servicer, as the case may be, to apply funds on deposit in the Principal Reserve Fund or the Central Account to reimburse the Credit Facility Provider for advances applied to pay the redemption price of 2000 Bonds or to reimburse other payment obligations under the Reimbursement Agreement or any other Borrower Document; or

(v) deliver to the Trustee written notice that an "Event of Default" has occurred under the Reimbursement Agreement and direct the Trustee to take such action pursuant to the Borrower Documents as Fannie Mae may determine, including a request that the Trustee call the 2000 Bonds for mandatory redemption in whole or in part or mandatory tender in whole or in part in accordance with the terms and conditions of the Resolution; or

(vi) instruct the Trustee pursuant to any Credit Enhancement Instrument to assign any mortgage document relating to the Mortgagor or the Project including the Mortgage Note Payments Interest to Fannie Mae; or

(vii) have access to and have the right to inspect, examine, have audited and make copies of books and records and any and all accounts, data, and income tax and other tax returns of the Mortgagor; or

(viii) terminate contracts or employment arrangements providing for the management or maintenance of the Project.

Remedy Upon PRF Triggering Event or Failure to Maintain PRF Letter of Credit

If the Mortgagor fails to deposit a PRF Letter of Credit to the Principal Reserve Fund following a PRF Triggering Event or fails to amend, supplement, extend or replace the PRF Letter of Credit deposited in the Principal Reserve Fund following a PRF Triggering Event or in the event of a downgrade of the long-term debt obligations of the issuer of the PRF Letter of Credit deposited in the Principal Reserve Fund following a PRF Triggering Event as set forth in the Reimbursement Agreement, Fannie Mae may, but shall not be obligated to, as its only remedy under the Reimbursement Agreement, direct the Trustee to apply all or any funds in the Principal Reserve Fund to

reimburse the Credit Facility Provider for amounts advanced under the Credit Enhancement Instrument to redeem the 2000 Bonds (regardless of whether such 2000 Bonds are then scheduled for redemption), at such times and in such amounts as determined by Fannie Mae.

AGREEMENT OF THE STATE

Section 657 of the Act provides that the State agrees with the holders of obligations of the Corporation, including owners of the 2000 Bonds, that it will not limit or alter the rights vested by the Act in the Corporation to fulfill the terms of any agreements made with the owners of the 2000 Bonds, or in any way impair the rights and remedies of such owners until the 2000 Bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such owners of the 2000 Bonds, are fully met and discharged.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the 2000 Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to the exclusion of interest on any 2000 Bond for any period during which such 2000 Bond is held by a person who, within the meaning of Section 147(a) of the Code is (a) a "substantial user" of the facilities financed with the proceeds of the 2000 Bonds or (b) a "related person." Interest on the 2000 Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. In rendering such opinion, Bond Counsel has assumed compliance by the Corporation with its covenant in the Resolution to at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2000 Bonds shall be excluded from gross income for Federal income tax purposes.

In the opinion of Bond Counsel, under existing statutes, interest on the 2000 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Summary of Certain Federal Tax Requirements

Under applicable provisions of the Code, the exclusion from gross income of interest on the 2000 Bonds for purposes of Federal income taxation requires that (i) at least 20% of the units in the Project financed by the 2000 Bonds be occupied during the "Qualified Project Period" (defined below) by individuals whose incomes, determined in a manner consistent with Section 8 of the United States Housing Act of 1937, as amended, do not exceed 50% of the median income for the area, and (ii) all of the units of the Project be rented or available for rental on a continuous basis during the Qualified Project Period. "Qualified Project Period" for the Project means a period commencing upon the later of (a) occupancy of 10% of the units in the Project or (b) the date of issue of the bonds being refunded by the 2000 Bonds and running until the later of (i) the date which is 15 years after occupancy of 50% of the units in the Project or (ii) the first date on which no tax-exempt private activity bonds issued with respect to the Project are outstanding. An election has been made by the Mortgagor to treat the Project as a deep rent skewed project which requires that (i) at least 15% of the low income units in the Project be occupied during the Qualified Project Period by individuals whose income is 40% or less of the median income for the area, (ii) the gross rent of each low income unit in the Project not exceed 30% of the applicable income limit which applies to the individuals occupying the unit and (iii) the gross rent with respect to each low income unit in the Project not exceed one-half of the average gross rent with respect to units of comparable size which are not occupied by individuals who meet the applicable income limit. Under the deep rent skewing election, the Project will meet the continuing low income requirement as long as the income of the individuals occupying the unit does not increase to more than 170% of the applicable limit. Upon an increase over 170% of the applicable limit, the next available low income unit must be rented to an individual having an income of 40% or less of the area median income. In the event of

noncompliance with the above requirements arising from events occurring after the issuance of the 2000 Bonds, the Treasury Regulations provide that the exclusion of interest on the 2000 Bonds from gross income for Federal income tax purposes will not be impaired if the Corporation takes appropriate corrective action within a reasonable period of time after such noncompliance is first discovered or should have been discovered by the Corporation.

The Code establishes certain additional requirements which must be met subsequent to the issuance and delivery of the 2000 Bonds in order that interest on the 2000 Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the 2000 Bonds, yield and other limits regarding investment of the proceeds of the 2000 Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the United States.

The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things permitted by law necessary or desirable in order to assure that interest paid on the 2000 Bonds shall be excluded from gross income for Federal income tax purposes. In furtherance thereof, the Corporation is to enter into the Regulatory Agreement with the Mortgagor to assure compliance with the Code. However, no assurance can be given that in the event of a breach of any such covenants, or noncompliance with the procedures or certifications set forth therein, the remedies available to the Corporation and/or 2000 Bond owners can be judicially enforced in such manner as to assure compliance with the above-described requirements and therefore to prevent the loss of the exclusion of interest from gross income for Federal income tax purposes. Any loss of such exclusion of interest from gross income may be retroactive to the date from which interest on the 2000 Bonds is payable.

Certain Federal Tax Consequences

The following is a brief discussion of certain Federal income tax matters with respect to the 2000 Bonds under existing statutes. It does not purport to deal with all aspects of Federal taxation that may be relevant to a particular owner of a 2000 Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2000 Bonds.

As noted above, interest on the 2000 Bonds is a preference item in determining the tax liability of individuals and corporations subject to the Federal alternative minimum tax imposed by Section 55 of the Code. In addition, interest on the 2000 Bonds must be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Owners of 2000 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and certain foreign corporations), financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits and individuals otherwise eligible for the earned income credit, and to taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes.

Legislation affecting municipal bonds is frequently considered by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the 2000 Bonds will not have an adverse effect on the tax-exempt status of the 2000 Bonds or the market price of the 2000 Bonds.

NO LITIGATION

The Corporation

At the time of delivery and payment for the 2000 Bonds, the Corporation will deliver, or cause to be delivered, a certificate of the Corporation substantially to the effect that there is no litigation of any nature now pending or threatened against the Corporation of which the Corporation has notice, or to the knowledge of the Corporation, any basis therefor, restraining or enjoining the issuance, sale, execution or delivery of the 2000 Bonds, or in any way contesting or affecting the validity of the 2000 Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the 2000 Bonds or the existence or powers of the Corporation.

The Mortgagor

At the time of delivery and payment for the 2000 Bonds, the Mortgagor will deliver, or cause to be delivered, a certificate of the Mortgagor substantially to the effect that there is no litigation of any nature now pending, or to the knowledge of its respective partners, managing members, shareholders or officers, as applicable, threatened against the Mortgagor restraining or enjoining the sale, execution or delivery of the 2000 Bonds, or in any way contesting or affecting the validity of the 2000 Bonds, any proceedings of the Mortgagor taken with respect to the sale, execution or delivery thereof, its existence or powers, or the application of any moneys or security provided for the payment of the 2000 Bonds.

CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the 2000 Bonds by the Corporation are subject to the approval of Hawkins, Delafield & Wood, New York, New York, Bond Counsel. Certain legal matters will be passed upon for the Corporation by its General Counsel. Certain legal matters will be passed upon for Fannie Mae by its Office of General Counsel and by its Special Counsel, Torys, New York, New York. Certain legal matters will be passed upon for the Mortgagor by its Counsel, Swidler Berlin Shereff Friedman, LLP, Washington, D.C. and New York, New York, Battle Fowler LLP, New York, New York and Michael H. Orbison, Esq. Certain legal matters will be passed upon for the Underwriter by its Counsel, Orrick, Herrington & Sutcliffe LLP, New York, New York.

LEGALITY OF 2000 BONDS FOR INVESTMENT AND DEPOSIT

Under the provisions of Section 662 of the Act, the 2000 Bonds are made securities in which all public officers and bodies of the State of New York and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or in other obligations of the State, may properly and legally invest funds, including capital, in their control or belonging to them. The 2000 Bonds are also securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities and public corporations for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

FURTHER INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication should be derived therefrom or from the sale of the 2000 Bonds that there has been no change in the affairs of the Corporation from the date hereof. Pursuant to the Resolution, the Corporation has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under

the Resolution and to cause such books to be audited for each fiscal year. The Resolution requires that such books be open to inspection by the Trustee and the owners of not less than 5% of the 2000 Bonds issued thereunder during regular business hours of the Corporation and that the Corporation furnish a copy of the auditor's report, when available, upon the request of the owner of any Outstanding 2000 Bond.

Additional information may be obtained from the undersigned 110 William Street, 10th Floor, New York, New York 10038, (212) 227-5500.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such, and not as representations of fact. This Official Statement is not to be construed as an agreement or contract between the Corporation and the purchasers or owners of any 2000 Bonds.

This Official Statement is submitted in connection with the sale of the 2000 Bonds and may not be reproduced or used, as a whole or in part, for any other purpose. This Official Statement and the distribution thereof have been duly authorized and approved by the Corporation and the Official Statement has been duly executed and delivered on behalf of the Corporation.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

By: /s/ Russell A. Harding
President

Dated: February 22, 2000

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

This Appendix A does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Resolution, Credit Enhancement Instrument, Reimbursement Agreement, Assignment and Mortgage Note, copies of which may be obtained from the Corporation. The following terms shall have the following meanings in the Resolution, Credit Enhancement Instrument, Reimbursement Agreement, Assignment and Mortgage Note for the 2000 Bonds unless the context shall clearly indicate otherwise.

"Account" means one of the special accounts (other than the Rebate Fund) created and established pursuant to the Resolution, including the Principal Reserve Fund.

"Accountant" means such reputable and experienced independent certified public accountant or firm of independent certified public accountants as may be selected by the Corporation and satisfactory to the Trustee and may be the accountant or firm of accountants who regularly audit the books and accounts of the Corporation.

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the Mortgagor, any partner of the Mortgagor, the Corporation or the Credit Facility Provider, as and if applicable, under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

"Additional Bonds" means Bonds, other than the 2000 Bonds, authorized pursuant to the Resolution.

"Administrative Fee" means the administrative fee of the Corporation in the amount set forth in the Commitment, plus the amount specified in a Supplemental Resolution in connection with the issuance of Additional Bonds.

"Alternate Security" means any instrument in effect and purpose similar to the Initial Credit Facility, including, but not limited to, a letter of credit, guaranty, standby loan commitment, bond or mortgage insurance policy, standby purchase agreement, collateral agreement or surety bond, mortgage-backed security or other credit or liquidity facility issued by a financial institution, including, without limitation, Fannie Mae, or any combination thereof, (i) approved by the Corporation and delivered to the Trustee for the benefit of the owners of the Bonds (except that a mortgage insurance policy may be delivered to the Corporation), (ii) replacing any existing Credit Facility, (iii) dated as of a date not later than the expiration date of the Credit Facility for which the same is to be substituted, if a Credit Facility is then in effect, (iv) which shall expire not earlier than a date which is 15 days after an Interest Payment Date for the Bonds (other than the maturity date of the Bonds), and (v) issued on substantially similar terms and conditions with respect to the rights of the owners of the Bonds (including, but not limited to, the Mandatory Purchase Provision) as the then existing Credit Facility, provided that (a) the stated amount of the Alternate Security shall equal the sum of (x) the aggregate principal amount of 2000 Bonds at the time Outstanding, plus (y) the Interest Requirement, and (b) said Alternate Security must provide for payment of the Purchase Price upon the exercise by any Bond owner of the applicable Demand Purchase Option.

"Ancillary Collateral Agreement" means the Replacement Reserve Agreement entered into by the Initial Credit Facility Provider and the Mortgagor dated the date of the Mortgage, and any similar agreement entered into by the Mortgagor and the Initial Credit Facility Provider as of the date of the Mortgage in connection with the Mortgage Loan.

"Assignment" means the Assignment and Agreement, with respect to, among other things, the Mortgage Loan, by the Corporation to the Trustee and the Credit Facility Provider, and acknowledged and agreed to by the Mortgagor, as the same may be amended or supplemented from time to time.

"Authorized Officer" means (a) when used with respect to the Corporation, the Chairperson, Vice Chairperson, President, First Senior Vice President or any other Senior Vice President of the Corporation and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the Corporation

then authorized to perform such act or discharge such duty; (b) when used with respect to the Mortgagor, any partner of the Mortgagor then authorized to act for the Mortgagor and, in the case of any act to be performed or duty to be discharged, any officer or employee of the Mortgagor then authorized to perform such act or discharge such duty; (c) when used with respect to the Trustee, any Vice President or Assistant Vice President of the Trustee then authorized to act for the Trustee, and, in the case of any act to be performed or duty to be discharged, any other officer or employee of the Trustee then authorized to perform such act or discharge such duty; and (d) when used with respect to any Credit Facility Provider, any officer or employee of the Credit Facility Provider designated, by name or official title, in writing to the Corporation and the Trustee.

"Available Amount" means, at any time, an amount equal to (i) the aggregate principal amount of 2000 Bonds Outstanding plus an amount equal to the accrued interest on the 2000 Bonds Outstanding for up to 35 days at the Maximum Rate computed on the basis of a 365-day year, and (ii) the Issuer's Fees; the amount so calculated shall in each instance as reduced by that amount, if any, previously provided by Fannie Mae to the Trustee to enable the Trustee to purchase Purchased Bonds, such reduction to be in an amount equal to one hundred percent (100%) of the principal amount of such Purchased Bonds plus the accrued interest, if any, paid with respect to such Purchased Bonds, provided that, following any provision of funds under the Credit Enhancement Instrument with respect to Purchased Bonds, the amount provided (and the amount by which the Available Amount is reduced) shall be reinstated (a) automatically, when and to the extent that (1) Fannie Mae has received reimbursement for such amount in immediately available funds, or has received written confirmation from the Trustee that the Trustee has received from the Tender Agent immediately available funds which it will immediately remit to Fannie Mae as reimbursement for such amount, and (2) the Tender Agent has delivered to Fannie Mae, a Certificate, appropriately completed and executed by an officer of the Tender Agent or (b) at such time as and to the extent that Fannie Mae, in its discretion, advises the Trustee in writing that such reinstatement shall occur, it being understood that Fannie Mae shall have no obligation to grant any such reinstatement except as expressly provided in the foregoing clause (a).

"Bankruptcy Code" means Title 11 of the United States Code, entitled "Bankruptcy", as now in effect and as amended from time to time in the future, or any successor provisions of federal law.

"Beneficial Owner" means, whenever used with respect to a 2000 Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant or such person's subrogee.

"Bond" means one of the bonds to be authenticated and delivered pursuant to the Resolution.

"Bond Counsel" means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporation after consultation with the Credit Facility Provider and the Mortgagor, and satisfactory to the Trustee.

"Bond Counsel's Opinion" means an opinion signed by Bond Counsel.

"Bond owner" or "owner" or "Bondholder" or "holder" or words of similar import, when used with reference to a Bond, means any person who shall be the registered owner of any Outstanding Bond.

"Bond Proceeds Account" means the Bond Proceeds Account established pursuant to the Resolution.

"Bond Year" means a twelve-month period ending on the first day of March of any year.

"Borrower Document" means any mortgage document or bond document relating to the Project.

"Business Day" means a day other than (a) a Saturday or a Sunday, (b) any day on which banking institutions located in the City of New York, New York, or the city in which the Principal Office of the Trustee is located are required or authorized by law to close, (c) a day on which the New York Stock Exchange is closed, (d) a day on which the Credit Facility Provider is closed or (e) a day on which DTC is closed.

"Certificate" means (a) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the Resolution or (b) the report of an accountant as to audit or other procedures called for by the Resolution.

"Change Date" means (i) an Interest Method Change Date or (ii) a Facility Change Date or (iii) a date specified by the Credit Facility Provider pursuant to the provisions of the Resolution for carrying out a purchase of the 2000 Bonds pursuant to the Resolution in connection with an Event of Termination or (iv) a date specified by the Corporation pursuant to the provisions of the Resolution for carrying out a purchase of 2000 Bonds pursuant to the Resolution in connection with a Notice of Prepayment of the Mortgage Loan in Full.

"City" means The City of New York, a municipal corporation organized and existing under and pursuant to the laws of the State.

"Closing Date" means the date the 2000 Bonds are issued and delivered.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means the Financing Commitment and Agreement dated as of February 10, 2000, between the Corporation and the Mortgagor, as the same may be amended or supplemented from time to time.

"Corporation" means the New York City Housing Development Corporation, or any body, agency or instrumentality of the State which shall hereafter succeed to the powers, duties and functions of the Corporation.

"Costs of Issuance" means all items of expense, directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale and issuance of Bonds, including but not limited to underwriting discount or fee, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and the Credit Facility Provider, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds, the financing fee of the Corporation, and any other cost, charge or fee in connection with the original issuance of Bonds.

"Credit Agreement" means, with respect to the Initial Credit Facility, the Reimbursement Agreement, dated as of March 1, 2000, between the Initial Credit Facility Provider and the Mortgagor, as the same may be amended or supplemented from time to time, and with respect to any Alternate Security, the agreement between the Mortgagor and the Credit Facility Provider issuing such Alternate Security providing for the issuance of such Alternate Security.

"Credit Enhancement Instrument" means the Credit Enhancement Instrument, dated the date of initial issuance of the 2000 Bonds, between Fannie Mae and the Trustee, as such Credit Enhancement Instrument may be amended, modified, supplemented or restated from time to time.

"Credit Facility" means the Initial Credit Facility or Alternate Security, as the case may be, then providing for the timely payment of the principal of and interest on and Purchase Price, if applicable, of the Bonds.

"Credit Facility Payments" means amounts obtained under a Credit Facility with respect to the Bonds.

"Credit Facility Payments Sub-Account" means the Credit Facility Payments Sub-Account established pursuant to the Resolution.

"Credit Facility Provider" means, so long as the Initial Credit Facility is in effect, the Initial Credit Facility Provider, or, so long as an Alternate Security is in effect, the issuer of or obligor under such Alternate Security.

"Demand Purchase Option" means the provision of the 2000 Bonds for purchase of any 2000 Bond upon the demand of the owner thereof as described in the Resolution.

"Escrow Payments" means and includes all amounts whether paid directly to the Corporation, to its assignee of the Mortgage Loan, or to the Servicer representing payments to obtain or maintain mortgage insurance or any subsidy with respect to the Mortgage Loan or the mortgaged premises or payments in connection with real estate taxes, assessments, water charges, sewer rents, fire or other insurance, replacement or operating reserves, or other like payments in connection therewith.

"Event of Default" means any of the events specified in the Resolution as an Event of Default.

"Event of Termination" means the event specified in the Resolution as an Event of Termination.

"Facility Change Date" means (i) any date on which a new Credit Facility replaces the prior Credit Facility (but not including any substitution for the Initial Credit Facility as specified in the definition of "Initial Credit Facility"), or (ii) any date on which the Credit Facility terminates or expires and is not extended or replaced by a new Credit Facility.

"Facility Fee" means the fee payable by the Mortgagor to the Servicer for remittance to Fannie Mae in consideration of Fannie Mae providing the Credit Enhancement Instrument for the 2000 Bonds, calculated and payable in accordance with the Mortgage Note.

"Fannie Mae" means a corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq., as amended from time to time, and its successors and assigns.

"FHA" means the Federal Housing Administration of HUD, and its successors and assigns.

"Government Obligations" means (i) direct obligations of or obligations guaranteed by the United States of America, including, but not limited to, United States Treasury Obligations, Separate Trading of Registered Interest and Principal of Securities (STRIPS) and Coupons Under Book Entry Safekeeping (CUBES), provided the underlying United States Treasury Obligation is not callable prior to maturity, and (ii) obligations of the Resolution Funding Corporation, including, but not limited to, obligations of the Resolution Funding Corporation stripped by the Federal Reserve Bank of New York.

"HUD" means the United States Department of Housing and Urban Development, its successors and assigns.

"Initial Credit Facility" means the Credit Enhancement Instrument, dated the date of the initial issuance of the 2000 Bonds, between the Initial Credit Facility Provider and the Trustee, as the same may be amended, modified or supplemented from time to time and shall also include any substitute therefor provided by the Initial Credit Facility Provider meeting the requirements of the Loan Agreement, as such substitute may be amended, modified or supplemented from time to time.

"Initial Credit Facility Provider" means Fannie Mae.

"Interest Method Change Date" means any date on which the method of determining the interest rate on the 2000 Bonds changes, as established by the terms and provisions of the Resolution; provided that an Interest Method Change Date may only occur on an Interest Payment Date or if such day is not a Business Day, the next succeeding Business Day.

"Interest Payment Date" means any date upon which interest on the Bonds is due and payable in accordance with their terms.

"Interest Requirement" means 35 days' interest on the Bonds at the Maximum Rate or such other number of days as may be permitted or required by the Rating Agency.

"Investment Securities" means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of the Corporation under the Act, including the amendments thereto hereafter made, or under other applicable law:

(A) So long as the Initial Credit Facility is in effect,

(a) Government Obligations;

(b) direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America (other than the Federal Home Loan Mortgage Corporation) or direct obligations of the World Bank, which obligations shall be rated in the highest rating category by Moody's and S&P;

(c) obligations of (i) any state or territory of the United States of America, or (ii) any agency, instrumentality, authority or political subdivision thereof or (iii) any public benefit or municipal corporation, the principal of and interest on which are guaranteed by such state or political subdivision, or (iv) any state or territory of the United States of America or any agency, instrumentality, authority or political subdivision thereof which have been advance refunded and are secured by Government Obligations or by other such prerefunded municipal securities, which obligations shall be rated in the highest rating category by Moody's and S&P;

(d) any written repurchase agreement entered into with a Qualified Financial Institution whose unsecured short-term obligations are rated A-1+ by S&P and in the highest rating category by Moody's;

(e) commercial paper rated A-1+ by S&P and in the highest rating category by Moody's;

(f) (i) interest-bearing negotiable certificates of deposit, interest-bearing time deposits, interest-bearing savings accounts or bankers' acceptances, issued by a Qualified Financial Institution whose unsecured short-term obligations are rated A-1+ by S&P and in the highest rating category by Moody's, or (ii) interest-bearing negotiable certificates of deposit, interest-bearing time deposits or interest-bearing savings accounts, issued by a Qualified Financial Institution if such deposits or accounts are fully insured by the Federal Deposit Insurance Corporation;

(g) an agreement for the investment of moneys at a guaranteed rate held by the Trustee with (i) the Credit Facility Provider or (ii) a Qualified Financial Institution whose unsecured long-term obligations are rated AAA by S&P and in the highest rating category by Moody's or whose obligations are unconditionally guaranteed or insured by a Qualified Financial Institution whose unsecured long-term obligations are rated AAA by S&P and in the highest rating category by Moody's; provided that such agreement shall be in a form acceptable to the Credit Facility Provider; provided further that such agreement shall include, without limitation, the following restrictions:

(1) the invested funds shall be available for withdrawal without penalty or premium, at any time that (A) the Trustee is required to pay moneys from the Accounts established under the Resolution to which the agreement is credited, or (B) any Rating Agency indicates that it will lower or actually lowers the rating on the Bonds on account of the rating of the Qualified Financial Institution providing, guaranteeing or insuring, as applicable the agreement;

(2) the investment agreement shall be the unconditional and general obligation of the provider thereof and, if applicable, the guarantor or insurer of the agreement, and shall not be subordinated to any other obligation;

(3) the Trustee shall receive an opinion of counsel that such agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and, if applicable, that any guaranty

or insurance policy provided by a guarantor or insurer is legal, valid, binding and enforceable upon the guarantor or insurer in accordance with its terms; and

(4) the agreement shall provide that if during its term the provider's rating or the insurer's or guarantor's rating, if applicable, by either Moody's or S&P is withdrawn or suspended or falls below the highest rating category, the provider must, at the direction of the Trustee (who shall give such direction if so directed by the Credit Facility Provider), within 10 days of receipt of such direction, either (A) post collateral of the type described in subparagraph (a) or (b) above with the Trustee or a third party custodian, in an amount sufficient to retain the then current rating on the Bonds, if the agreement is not already so collateralized, (B) repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the Trustee or (C) deliver a replacement provider, guarantor or insurer, as applicable, then meeting the requirements of a Qualified Financial Institution and whose unsecured long-term obligations are then rated in the highest rating category. The agreement may provide that the down-graded provider may elect which of the remedies to the down-grade to perform; or

(ii) the Credit Facility Provider;

(h) money market mutual funds (including those of the Trustee and its affiliates) registered under the Investment Company Act of 1940, as amended, that have been rated AAAm-G or AAAm by S&P and Aaa by Moody's; provided that the portfolio of such money market mutual fund is limited to obligations described in (x) subparagraph (a) above and to agreements to repurchase such obligations, or (y) subparagraphs (b) or (c) above and approved in writing by the Credit Facility Provider; and

(i) any other investment authorized by the laws of the State, if such investments are approved in writing by the Credit Facility Provider and each Rating Agency;

provided that Investment Securities shall not include the following: (s) any investments with a final maturity or any agreements with a term greater than one (1) year from the date of the investment (except (i) obligations that provide for the optional or mandatory tender, at par, by the holder thereof at least once within one (1) year of the date of purchase, (ii) any investments listed in subparagraph (a) above that are irrevocably deposited with the Trustee for payment of Bonds pursuant to the defeasance section of the Resolution, and (iii) agreements listed in subparagraphs (g) and (i) above), (t) any obligation with a purchase price greater or less than the par value of such obligation (except for obligations described in subparagraphs (a) and (b) above), (u) any asset-backed security, including mortgage backed securities, real estate mortgage investment conduits, collateralized mortgage obligations, credit card receivable asset-backed securities and auto loan asset-backed securities, (v) interest-only or principal-only stripped securities, (w) obligations bearing interest at inverse floating rates, (x) investments which may be prepaid or called at a price less than the purchase price thereof prior to stated maturity, (y) any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index, or (z) an investment described in subparagraph (d) or (g) above with a Qualified Financial Institution described in clause (iv) of the definition thereof if such institution does not agree to submit to jurisdiction, venue and service of process in the United States of America in the agreement relating to the investment; and provided further that if any such investment described in subparagraphs (b) through (i) above is required to be rated, such rating requirement will not be satisfied if such rating is evidenced by the designation of an "r" or a "t" highlighter affixed to its rating.

(B) So long as the Initial Credit Facility is not in effect,

(1) Government Obligations;

(2) any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Farm Credit System Banks, Federal Home Loan Banks, Tennessee Valley Authority and Export Import Bank of the United States;

(3) any bond, debenture, note, participation certificate or other similar obligation issued by Fannie Mae to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other Federal agency and backed by the full faith and credit of the United States of America;

(4) any other obligation of the United States of America or any Federal agencies which may then be purchased with funds belonging to the Corporation;

(5) deposits in interest-bearing time or demand deposits, or certificates of deposit, secured by any of the obligations described above or insured by the Federal Deposit Insurance Corporation or its successor;

(6) any participation certificate of the Federal Home Loan Mortgage Corporation and any mortgage-backed securities of Fannie Mae; and

(7) any other investment permitted under the Corporation's investment guidelines adopted August 14, 1984, as amended from time to time.

"Issuer's Fee" means that portion of the Administrative Fee representing the regularly scheduled monthly servicing fee of .125% per annum of the outstanding principal balance of the Mortgage Note, payable to the Corporation pursuant to the terms of the Mortgage Note.

"Loan Agreement" means the Financing Agreement, dated as of March 1, 2000, by and between the Corporation and the Mortgagor, with respect to the Mortgage Loan, as the same may be amended or supplemented from time to time.

"Mandatory Purchase Provision" means the purchase provision of the 2000 Bonds for the purchase of any 2000 Bonds on any Change Date pursuant to the Resolution.

"Maturity Date" means the maturity date of the 2000 Bonds.

"Maximum Rate" means twelve percent (12%) per annum or such higher rate, not to exceed fifteen percent (15%), as may be established in accordance with the provisions of the Resolution.

"Monthly Bond Debt Service Period" means, with respect to any regularly scheduled monthly Interest Payment Date occurring at such time as the Weekly Rate is in effect, the period from and including the immediately preceding regularly scheduled monthly Interest Payment Date (or, with respect to the initial regularly scheduled monthly Interest Payment Date, the period from and including the Closing Date) to, but excluding, the Interest Payment Date.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

"Mortgage" means the Multifamily Mortgage, Assignment of Rents and Security Agreement (together with all riders) securing the Mortgage Note, dated the date of initial issuance of the 2000 Bonds, executed by the Mortgagor with respect to the Project, as the same may be amended, modified or supplemented from time to time.

"Mortgage Documents" means, collectively, (a) the Mortgage, (b) the Mortgage Note and (c) all other documents evidencing, securing or otherwise relating to the Mortgage Loan, other than the Loan Agreement.

"Mortgage Loan" means the interest-bearing loan, evidenced by the Mortgage Note and secured by the Mortgage, made by the Corporation to the Mortgagor.

"Mortgage Note" means the Multifamily Note (together with all addenda to the Multifamily Note), evidencing the Mortgage Loan, dated the date of initial issuance of the 2000 Bonds, executed by the Mortgagor in favor of the Corporation with respect to the Project, as the same may be amended, modified or supplemented from time to time.

"Mortgage Note Payments Interest" means, with respect to the Mortgage Loan, the right of the Trustee to receive and retain all payments due and owing under the Mortgage Note other than (a) the Facility Fee, (b) late charges, (c) default interest, (d) escrow payments for reserves, taxes, insurance and other impositions, and (e) payments pursuant to any Ancillary Collateral Agreement.

"Mortgage Rights" means, with respect to the Mortgage Loan, without limitation, all of the rights under the Mortgage Note, the Mortgage and the other Mortgage Documents to direct actions, grant consents, grant extensions, grant waivers, grant requests, give approvals, give directions, give releases, make appointments, take actions and do all other things under the Mortgage Note, the Mortgage and the other Mortgage Documents, including, without limitation, the right, power and authority to assign or delegate the right, power and authority to enter into ancillary agreements, documents and instruments otherwise relating to the Mortgage Loan, including agreements with respect to the servicing of the Mortgage Loan, and to vest in its assignee such rights, powers and authority as may be necessary to implement any of the foregoing.

"Mortgagor" means KBF Related Amsterdam Partners, L.P., a Delaware limited partnership organized and existing under and by virtue of the laws of the State of New York, which is the mortgagor with respect to the Mortgage Loan, and its successors and permitted transferees as owner of the Project.

"Notice of Prepayment of the Mortgage Loan in Full" means the notice delivered to the Trustee by the Corporation pursuant to the provisions of the Resolution with respect to the Mortgagor's election to prepay, in full, the Mortgage Loan.

"Outstanding" means, when used with reference to Bonds, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

(1) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Resolution; and

(3) any Bond deemed to have been paid as provided in the Resolution.

"Participants" means those broker-dealers, banks and other financial institutions for which DTC holds the 2000 Bonds as securities depository.

"Pass-Through Rate" shall have the meaning given that term in the Mortgage Note as being a rate which shall be a variable rate of interest which shall float with, and be equal to, and change with, the Weekly Rate.

"Permitted Encumbrances" means such liens, encumbrances, reservations, easements, rights-of-way and other clouds on title as do not materially impair the use or value of the premises for the intended purpose.

"Pledge Agreement" means, with respect to the Initial Credit Facility Provider and the Initial Credit Facility, the Pledge, Security and Custody Agreement, dated as of March 1, 2000, among the Mortgagor, the Trustee, as custodian and collateral agent for the Initial Credit Facility Provider, and the Initial Credit Facility Provider, and with respect to any other Credit Facility Provider providing an Alternate Security and such Alternate Security, any agreement between the Mortgagor and the Credit Facility Provider or the Trustee pursuant to which the Mortgagor agrees to pledge 2000 Bonds to the Credit Facility Provider in connection with the provision of moneys under the Alternate Security, in each case, as the same may be amended, modified or supplemented from time to time.

"Pledged Receipts" means (i) the scheduled or other payments required by the Mortgage Loan and paid to or to be paid to the Corporation from any source, including both timely and delinquent payments, (ii) accrued interest, if any, received upon the initial issuance of the Bonds and (iii) all income earned or gain realized in excess of losses suffered on any investment or deposit of moneys in the Accounts established and maintained pursuant to the Resolution, but shall not mean or include amounts required to be deposited into the Rebate Fund, Recoveries of Principal, any Escrow Payments, late charges or any amount entitled to be retained by the Servicer (which may include the Corporation), as administrative, financing, extension or settlement fees of such Servicer or the Credit Facility Provider.

"PRF Letter of Credit" means one or more letters of credit naming the Trustee as the beneficiary, issued by a financial institution satisfactory to the Credit Facility Provider with long-term debt obligations rated at least "A" by S&P and Moody's, and otherwise meeting the requirements set forth in the Reimbursement Agreement and the Resolution.

"PRF Triggering Event" means the failure of the Mortgagor to maintain the debt service coverage ratio required under the Reimbursement Agreement.

"Principal Installment" means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Payments payable before such future date plus (ii) the unsatisfied balance, determined as provided in the Resolution, of any Sinking Fund Payments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance.

"Principal Office", when used with respect to the Trustee shall mean United States Trust Company of New York, 114 West 47th Street, 15th Floor, New York, New York 10036, when used with respect to the Tender Agent shall mean the same address as that of the Trustee or the address of any successor Tender Agent appointed in accordance with the terms of the Resolution, and when used with respect to the Remarketing Agent shall mean PaineWebber Incorporated, 1285 Avenue of the Americas, New York, New York 10019 or such other offices designated to the Corporation in writing by the Trustee, Tender Agent or Remarketing Agent, as the case may be.

"Principal Reserve Amount" means $10,600,000 or such other amount as shall be specified in writing by the Credit Facility Provider and filed with the Corporation and the Trustee; provided that such other amount shall only constitute the Principal Reserve Amount if there shall also be filed with the Corporation and the Trustee a Bond Counsel's Opinion to the effect that such change in the Principal Reserve Amount will not adversely affect the exclusion from gross income for Federal income tax purposes of interest on any Bonds to which the tax covenants of the Resolution apply.

"Principal Reserve Fund" means the Principal Reserve Fund established pursuant to the Resolution.

"Project" means the multifamily rental housing development, located at 189 West 89th Street in the Borough of Manhattan and County of New York, City and State of New York, as more fully described under the caption "THE PROJECT AND THE MORTGAGOR – The Project" herein.

"Purchase Date" means (a) any Business Day specified by a Bondholder as the date on which 2000 Bonds owned by such Bondholder are to be purchased in accordance with the provisions of the Resolution and (b) each Change Date on which the 2000 Bonds are subject to mandatory tender in accordance with the Resolution.

"Purchased Bond" means any 2000 Bond during the period from and including the date of its purchase by the Trustee on behalf of and as agent for the Mortgagor with amounts provided by the Credit Facility Provider under the Credit Facility, to, but excluding, the date on which such 2000 Bond is remarketed to any person other than the Credit Facility Provider, the Mortgagor, any member of the Mortgagor or the Corporation.

"Purchase Price" means, with respect to any Tendered Bond, an amount equal to the sum of (a) one hundred percent (100%) of the principal amount of such Tendered Bond and (b) the accrued interest, if any, on such Tendered Bond to, but excluding, the Purchase Date.

"Qualified Financial Institution" means any (i) bank or trust company organized under the laws of any state of the United States of America, (ii) national banking association, (iii) savings bank, savings and loan association, or insurance company or association chartered or organized under the laws of any state of the United States of America, (iv) federal branch or agency pursuant to the International Banking Act of 1978 or any successor provisions of law, or domestic branch or agency of a foreign bank which branch or agency is duly licensed or authorized to do business under the laws of any state or territory of the United States of America, (v) government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, or (vi) securities dealer approved in writing by the Credit Facility Provider the liquidation of which is subject to the Securities Investors Protection Corporation or other similar corporation.

"Rating Agency" means each national rating agency which had originally rated the Bonds at the request of the Corporation and is then maintaining a rating on the Bonds.

"Rebate Amount" means, with respect to a particular Series of Bonds to which the covenants of the Resolution relating to rebate are applicable, the amount, if any, required to be deposited in the Rebate Fund in order to comply with the covenant contained in the Resolution.

"Rebate Fund" means the Rebate Fund established pursuant to the Resolution.

"Record Date" means the Business Day immediately preceding any Interest Payment Date.

"Recoveries of Principal" means all amounts received by the Corporation or the Trustee as or representing a recovery of the principal amount disbursed by the Trustee in connection with the Mortgage Loan, including any premium or penalty with respect thereto, on account of (i) the advance payment of amounts to become due pursuant to such Mortgage Loan, at the option of the Mortgagor; (ii) the sale, assignment, endorsement or other disposition of the Mortgage Loan, the Mortgage or the Mortgage Note other than any assignment pursuant to the Assignment; (iii) the acceleration of payments due under the Mortgage Loan or the remedial proceedings taken in the event of default on the Mortgage Loan or Mortgage; (iv) proceeds of any insurance award resulting from the damage or destruction of the Project which are to be applied to payment of the Mortgage Note pursuant to the Mortgage, together with any amounts provided by the Credit Facility Provider pursuant to the Credit Facility in connection with such damage or destruction; or (v) proceeds of any condemnation award resulting from the taking by condemnation (or by agreement of interested parties in lieu of condemnation) by any governmental body or by any person, firm, or corporation acting under governmental authority, of title to or any interest in or the temporary use of, the Project or any portion thereof, which proceeds are to be applied to payment of the Mortgage Note pursuant to the Mortgage together with any amounts provided by the Credit Facility Provider pursuant to the Credit Facility in connection with such condemnation agreement.

"Redemption Account" means the Redemption Account established pursuant to the Resolution.

"Redemption Date" means the date or dates upon which Bonds are to be called for redemption pursuant to the Resolution.

"Redemption Price" means, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

"Regulatory Agreement" means the Amended and Restated Regulatory Agreement, dated as of the date of initial issuance of the 2000 Bonds, by and between the Corporation and the Mortgagor, as the same may be amended or supplemented from time to time.

"Reimbursement Agreement" means, with respect to the Initial Credit Facility, the Reimbursement Agreement, dated as of the date of initial issuance of the 2000 Bonds, between the Initial Credit Facility Provider

and the Mortgagor, as the same may be amended or supplemented from time to time, and with respect to any Alternate Security, the agreement between the Mortgagor and the Credit Facility Provider issuing such Alternate Security providing for the issuance of such Alternate Security.

"Remarketing Agent" means, with respect to the 2000 Bonds, PaineWebber Incorporated, or any of its successors appointed in accordance with the terms of the Resolution.

"Remarketing Agreement" means, with respect to the 2000 Bonds, the Remarketing Agreement, dated as of the date of initial issuance of the 2000 Bonds, by and among the Mortgagor, the Corporation and the Remarketing Agent, as the same may be amended or supplemented from time to time, or any replacement thereof.

"Required Mortgage Payment" means, with respect to the Mortgage Loan, subject to the exclusions set forth below, the following payments: (a) only the regularly scheduled monthly payments of interest, at the Mortgage Note rate, due under the Mortgage Note, which payments under the Mortgage Note are due and payable on the first day of the month immediately following the month to which the payment is attributable, (b) on the maturity date of the Mortgage Note, the unpaid principal balance of the Mortgage Note and all accrued and unpaid interest due on the Mortgage Note as of the maturity date of the Mortgage Note and (c) solely for purposes of the Credit Enhancement Instrument the Issuer Fee; a payment described in clauses (a), (b) or (c) above shall constitute a Required Mortgage Payment whether made by the Mortgagor or by the Servicer as a Servicer Advance. "Required Mortgage Payment" does not mean, with respect to the Mortgage Loan, and expressly excludes, all (w) other payments due or payable under the Mortgage Note, the Mortgage and the other Mortgage Documents, such exclusion to extend expressly, without limitation, to (1) any prepayment of principal and accrued and unpaid interest on the Mortgage Note attributable to such principal, including any payments in respect of the principal of, premium, if any, and interest on, the 2000 Bonds payable to the Bondholders upon a redemption of 2000 Bonds occasioned by a prepayment of the Mortgage Loan, (2) late charges, (3) default interest, (4) escrow payments for reserves, taxes, insurance and other impositions and (5) payments pursuant to any Ancillary Collateral Agreement, (x) any payments on the Mortgage Loan to be made for deposit into the Principal Reserve Fund, (y) payments on the Mortgage Loan in respect of the principal of, and the interest on, any Purchased Bond, any other 2000 Bond registered in the name of or owned by the Mortgagor or any 2000 Bond which is not Outstanding under the Resolution and (z) that portion of the Mortgage Note rate that comprises the Set Rate Component.

"Resolution" means the Multi-Family Rental Housing Revenue Bonds (Related-West 89th Street Development) Bond Resolution adopted by the Corporation on February 14, 2000 and any amendments or supplements made in accordance with its terms.

"Revenue Account" means the Revenue Account established pursuant to the Resolution.

"Revenues" means the Pledged Receipts and Recoveries of Principal.

"Series" means the 2000 Bonds or any series of Additional Bonds.

"Servicer" means any person appointed to service the Mortgage Loan in accordance with the Resolution.

"Servicer Advance" means any advance by the Servicer of any amount payable under the Mortgage Note upon the Mortgagor's failure to pay such amount when due, including, without limitation, a Required Mortgage Payment and any payment on the Mortgage Note to be made for deposit into the Principal Reserve Fund.

"Servicing Agreement" means the Servicing Agreement, dated the Closing Date, between Fannie Mae and the Servicer, as it may be amended, modified or supplemented from time to time, or any other agreement with respect to the servicing of the Mortgage Loan with a servicer.

"Set Rate Component" means that portion of the Mortgage Note Rate exclusive of the Pass-Through Rate.

"Sinking Fund Payment" means, with respect to a particular Series, as of any particular date of calculation, the amount required to be paid in all events by the Corporation on a single future date for the retirement of

Outstanding Bonds which mature after said future date, but does not include any amount payable by the Corporation by reason of the maturity of a Bond or by call for redemption at the election of the Corporation.

"S&P" means Standard & Poor's Rating Services, a Division of The McGraw Hill Companies, Inc., and its successors and assigns, if such successors and assigns shall continue to perform the functions of a securities rating agency.

"State" means the State of New York.

"Supplemental Resolution" means any resolution supplemental to or amendatory of the Resolution, adopted by the Corporation and effective in accordance with the Resolution.

"Tender Agent" means United States Trust Company of New York, a New York banking corporation, and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party, or any successor Tender Agent appointed in accordance with the terms of the Resolution.

"Tender Agent Agreement" means the agreement among the Trustee, as Trustee and Tender Agent, the Corporation, the Mortgagor and the Remarketing Agent, dated as of the date of initial issuance of the 2000 Bonds, as the same may be amended or supplemented from time to time, or any replacement thereof.

"Tender Date" means any Change Date or any other date on which Bondowners are permitted under the Resolution to tender their Bonds for purchase.

"Tendered Bonds" means 2000 Bonds which have been tendered to the Tender Agent for purchase pursuant to the terms of the Resolution.

"Trustee" means the trustee designated as Trustee in the Resolution and its successor or successors and any other person at any time substituted in its place pursuant to the Resolution.

"2000 Bonds" means, the 2000 Series A Bonds.

"2000 Series A Bonds" means the Bonds of such name authorized to be issued pursuant to the Resolution.

"Weekly Effective Rate Date" means, (i) with respect to the Weekly Rate Term in effect immediately following the issuance and delivery of the 2000 Bonds, the date of such issuance and delivery, (ii) with respect to any Weekly Rate Term following another Weekly Rate Term, Wednesday of any week and (iii) with respect to a Weekly Rate Term that does not follow another Weekly Rate Term, the Interest Method Change Date with respect thereto.

"Weekly Rate" means, the rate of interest on the 2000 Bonds, as described in "DESCRIPTION OF THE 2000 BONDS – Weekly Rate Period."

"Weekly Rate Period" means any period of time during which the 2000 Bonds bear interest at the Weekly Rate.

"Weekly Rate Term" means with respect to any particular 2000 Bond, the period commencing on a Weekly Effective Rate Date and terminating on the earlier of the last calendar day prior to the Weekly Effective Rate Date of the following Weekly Rate Term, or the last calendar day prior to a Change Date.

"Wrongful Dishonor" means (i) an uncured and willful default by the Credit Facility Provider, or (ii) an uncured default resulting from the gross negligence of the Credit Facility Provider, in each case, of its obligations to honor (a) as to the Initial Credit Facility Provider, a request for payment made in accordance with the terms of the Initial Credit Facility or (b) as to any other Credit Facility Provider, a drawing as required pursuant to the terms of the Alternate Security.

APPENDIX B

OTHER ACTIVITIES OF THE CORPORATION

The Corporation is engaged in the various activities and programs described below.

I. BOND PROGRAMS. The Corporation issues bonds and notes to fund mortgage loans for multi-family residential developments under the programs described below. As of January 31, 2000, the Corporation had bonds and notes outstanding in the aggregate principal amount of approximately $2,388,248,317.88 for these purposes. All outstanding principal amounts of bonds and notes listed below are as of January 31, 2000 unless otherwise indicated. All of the projects financed by the Corporation have been completed and are in operation except where indicated below. None of the projects described below provide security under the Resolution. In addition, none of the bonds described below is secured by the Resolution.

(A) *Multi-Family Program.* The Corporation established its Multi-Family Program to develop privately owned multi-family rental housing, a portion of which is reserved for low income tenants.

(1) Rental Projects; Letter of Credit Enhanced: Under its Multi-Family Program, the Corporation has issued bonds to finance a number of mixed income projects which bonds are secured by letters of credit issued by rated commercial lending institutions. On January 20, 1989, the Corporation issued its $10,000,000 Variable Rate Demand Bonds (Upper Fifth Avenue Project), 1989 Series A, all of which are outstanding, to finance a 151-unit project in Manhattan. On March 1, 1989, the Corporation issued its $12,400,000 Multi-Family Mortgage Revenue Bonds (Queenswood Apartments), 1989 Series A, of which $11,600,000 is outstanding, to finance a 296-unit development in Queens. On December 30, 1998, the Corporation issued its $89,000,000 Multi-Family Mortgage Revenue Bonds (Related-Broadway Development), 1998 Series A and 1998 Series B, all of which are outstanding, to finance a 285-unit project in Manhattan. On December 17, 1999, the Corporation issued its $60,400,000 Multi-Family Mortgage Revenue Bonds (West 54th Street Development), 1999 Series A and 1999 Series B, all of which are outstanding, to finance a 222-unit development in Manhattan.

On May 26, 1993, the Corporation issued $27,600,000 of its Multi-Family Mortgage Revenue Bonds (Columbus Gardens Project), 1993 Series A, of which $24,200,000 is outstanding, to refinance a 162-unit building located on the west side of Manhattan and to refund bonds previously issued by the Corporation to finance this project. On April 6, 1994, the Corporation issued its $28,000,000 Multi-Family Mortgage Revenue Bonds (James Tower Development), 1994 Series A, of which $24,000,000 is outstanding, to refinance a 200-unit building located on the west side of Manhattan and to refund the bonds previously issued by the Corporation to finance this project.

Under its Multi-Family Program, the Corporation has issued bonds to finance a number of low income projects, which bonds are secured by letters of credit issued by rated commercial lending institutions. On December 31, 1997, the Corporation issued its $8,100,000 Multi-Family Mortgage Revenue Bonds (Gerard Court Project), 1997 Series A, all of which are outstanding, to finance a 126-unit project in Bronx County. On December 31, 1997, the Corporation issued its $8,100,000 Multi-Family Mortgage Revenue Bonds (River Court Project), 1997 Series A, all of which are outstanding, to finance a 126 unit project in Bronx County. On September 29, 1998, the Corporation issued its $3,800,000 Multi-Family Mortgage Revenue Bonds (Related-Second Avenue Project), 1998 Series A, all of which are outstanding, to finance a 19-unit rental project in Manhattan. On October 8, 1998, the Corporation issued its $3,300,000 Multi-Family Mortgage Revenue Bonds (Macombs Place Project), 1998 Series A, all of which are outstanding to finance a 58-unit rental project in Manhattan. On October 8, 1998, the Corporation issued its $2,200,000 Multi-Family Mortgage Revenue Bonds (Hoe Avenue Project), 1998 Series A, all of which are outstanding, to finance a 42-unit project in Bronx County. On October 8, 1998, the Corporation issued its $900,000 Multi-Family Mortgage Revenue Bonds (Vyse Avenue Project), 1998 Series A, all of which are outstanding, to finance an 11-unit project in Bronx County. On December 22, 1998, the Corporation issued its $2,800,000 Multi-Family Mortgage Revenue Bonds (Vermont Mews Project), 1998 Series A, all of which are outstanding, to finance an 40-unit development in Brooklyn. On December 22, 1998, the Corporation issued its $1,300,000 Multi-Family Mortgage Revenue Bonds (Esplanade Mews Project), 1998 Series A, all of which are outstanding, to finance an 18-

unit development in Manhattan. On December 23, 1998, the Corporation issued its $4,300,000 Multi-Family Mortgage Revenue Bonds (Quincy-Greene Project), 1998 Series A, all of which are outstanding, to finance an 44-unit development in Brooklyn. On December 31, 1998, the Corporation issued its $1,800,000 Multi-Family Mortgage Revenue Bonds (Bedford Avenue Project), 1998 Series A, all of which are outstanding, to finance an 27-unit development in Brooklyn. On July 28, 1999, the Corporation issued its $5,900,000 Multi-Family Mortgage Revenue Bonds (Brook Avenue Gardens Project), 1999 Series A, all of which are outstanding, to finance an 79-unit development in Bronx County. On August 11, 1999, the Corporation issued its $4,900,000 Multi-Family Mortgage Revenue Bonds (Intervale Avenue Project), 1999 Series A, all of which are outstanding, to finance an 68-unit development in Bronx County. On August 17, 1999, the Corporation issued its $2,500,000 Multi-Family Mortgage Revenue Bonds (Related-West 105th Street Project), 1999 Series A, to finance an 11-unit development in Manhattan. On October 5, 1999, the Corporation issued its $7,000,000 Multi-Family Mortgage Revenue Bonds (Spring Creek III Project), 1999 Series A, all of which are outstanding, to finance a 100-unit development in Brooklyn, On October 5, 1999, the Corporation issued its $3,000,000 Multi-Family Mortgage Revenue Bonds (Harmony House Project), 1999 Series A, all of which are outstanding, to finance a 55-unit development in Manhattan. On October 5, 1999, the Corporation issued its $1,300,000 Multi-Family Mortgage Revenue Bonds (Sullivan Street Project), 1999 Series A, all of which are outstanding, to finance a 20-unit development in Brooklyn. All of these projects are presently under, or have recently completed, construction.

(2) Rental Projects; Fannie Mae Enhanced: Pursuant to its Multi-Family Program, the Corporation has issued bonds which are secured by mortgage loan payments, which payments are secured by obligations of Fannie Mae under a Credit Enhancement Instrument. On March 29, 1995, the Corporation issued its $23,570,000 Multi-Family Mortgage Revenue Bonds (Columbus Apartments Project), 1995 Series A, of which $22,570,000 is outstanding, to refinance a 166-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 31, 1997, the Corporation issued its $13,775,000 Multi-Family Rental Housing Revenue Bonds (Related-Columbus Green), 1997 Series A, all of which are outstanding, to refinance a 95-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 31, 1997, the Corporation issued its $66,800,000 Multi-Family Rental Housing Revenue Bonds (Related-Carnegie Park), 1997 Series A, all of which are outstanding, to refinance a 461-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 31, 1997, the Corporation issued its $104,600,000 Multi-Family Rental Housing Revenue Bonds (Related-Monterey), 1997 Series A, all of which are outstanding, to refinance a 522-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 31, 1997, the Corporation issued its $55,000,000 Multi-Family Rental Housing Revenue Bonds (Related-Tribeca Tower), 1997 Series A, all of which are outstanding, to refinance a 440-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On September 18, 1998, the Corporation issued its $17,875,000 Multi-Family Rental Housing Revenue Bonds (100 Jane Street Development), 1998 Series A and 1998 Series B, of which $17,775,000 is outstanding, to refinance a 148-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On October 22, 1998, the Corporation issued its $37,315,000 Multi-Family Rental Housing Revenue Bonds (Parkgate Development), 1998 Series A and 1998 Series B, of which $37,015,000 is outstanding, to refinance a 207-unit project in Manhattan and to refund bonds previously issued by the Corporation to finance this project. On November 19, 1998, the Corporation issued its $150,000,000 Multi-Family Rental Housing Revenue Bonds (One Columbus Place Development), 1998 Series A and 1998 Series B, of which $148,900,000 is outstanding, to refinance a 729-unit development in Manhattan and to refund bonds previously issued by the Corporation to finance this development. On April 6, 1999, the Corporation issued its $55,820,000 Multi-Family Rental Housing Revenue Bonds (West 43rd Street Development), 1999 Series A and 1999 Series B, of which $55,620,000 is outstanding, to refinance a 375-unit development in Manhattan and to refund bonds previously issued by the Corporation to finance this development. On June 18, 1999, the Corporation issued its $57,000,000 Multi-Family Rental Housing Revenue Bonds (Brittany Development), 1999 Series A, all of which are outstanding, to refinance a 272-unit development in Manhattan and to refund bonds previously issued by the Corporation to finance this development.

(3) Rental Projects; FHA Enhanced: Under its Multi-Family Program, the Corporation has issued bonds to finance a number of mixed income projects with mortgages insured by the Federal Housing Administration ("FHA"). See "FHA Insured Mortgage Loan Programs" below.

(4) Rental Projects; REMIC Enhanced: Under its Multi-Family Program, the Corporation has issued bonds to finance mortgage loans for residential facilities, which mortgage loans are insured by the New York

City Residential Mortgage Insurance Corporation ("REMIC"), which is a subsidiary of the Corporation. On April 26, 1996, the Corporation issued its $5,620,000 Multi-Family Mortgage Revenue Bonds (Barclay Avenue Development), 1996 Series A, of which $5,550,000 are outstanding, to fund a permanent mortgage loan for a 66-unit building located in Queens County.

(5) Hospital Staff Housing: Pursuant to its Multi-Family Program, the Corporation has provided financing for residential facilities for hospital staff. A multi-purpose facility for the benefit of The Society of the New York Hospital, located on the east side of Manhattan, was financed in 1985 by the Corporation. On April 17, 1998, the Corporation issued its $103,300,000 MBIA Insured Residential Revenue Refunding Bonds (Royal Charter Properties East, Inc. Project), 1998 Series 1, all of which are outstanding, in order to refinance its outstanding bonds for this multipurpose facility. The payment of principal of and interest on the 1998 Series 1 Bonds is guaranteed by a municipal bond guaranty insurance policy issued by MBIA Insurance Corporation.

On March 19, 1993, the Corporation issued its $36,600,000 Residential Revenue Bonds (East 17th Street Properties, Inc.), 1993 Series A, of which $34,100,000 is outstanding, to provide a mortgage loan to East 17th Street Properties, Inc. (an affiliate of Beth Israel Medical Center) for two residential housing facilities located in Manhattan. These bonds are secured by a letter of credit issued by a rated commercial lending institution. On June 17, 1993, the Corporation issued its $8,400,000 Residential Revenue Bonds (Montefiore Medical Center Project), 1993 Series A, all of which are outstanding, to finance a mortgage loan made to Montefiore Medical Center for a residential housing facility in Bronx County. These bonds are secured by a letter of credit issued by a rated commercial lending institution.

(6) Cooperative Housing: Pursuant to the Corporation's Multi-Family Program, the Corporation has issued obligations in order to fund underlying mortgage loans to cooperative housing developments. On March 15, 1990, the Corporation issued its $6,955,000 Mortgage Revenue Bonds (South Williamsburg Cooperative), 1990 Series A, of which $6,485,000 is outstanding, in order to fund an underlying permanent mortgage loan for a 105-unit limited-income cooperative located in Brooklyn. On September 27, 1990, the Corporation issued its $11,260,000 Mortgage Revenue Bonds (South Bronx Cooperatives), 1990 Series A, of which $6,260,000 is outstanding, in order to fund underlying permanent mortgage loans for four limited-income cooperatives located in Bronx County. On April 28, 1994, the Corporation issued its $12,330,000 Mortgage Revenue Bonds (Maple Court Cooperative), 1994 Series A, of which $11,975,000 is outstanding, to fund an underlying permanent mortgage loan for a 134-unit cooperative located in Manhattan. On December 19, 1996, the Corporation issued its $16,750,000 Mortgage Revenue Bonds (Maple Plaza Cooperative), 1996 Series A, all of which are outstanding, to fund an underlying permanent mortgage loan for a 154-unit cooperative which is being constructed in Manhattan. Each mortgage loan is insured by the State of New York Mortgage Agency ("SONYMA").

(B) *FHA Insured Mortgage Loan Programs*. The Corporation is empowered to make loans secured by mortgages insured by the federal government for new construction and rehabilitation of multiple dwellings.

(1) On January 15, 1993, the Corporation issued its $164,645,000 Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loan), 1993 Series A and 1993 Series B, of which $146,945,000 of the 1993 Series A bonds (and none of the 1993 Series B bonds) is outstanding, to acquire a defaulted FHA-insured mortgage loan for the Manhattan Park Project (also known as Roosevelt Island Northtown Phase II) from the United States Department of Housing and Urban Development. On January17, 1995, the Corporation issued its $13,910,000 Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loan), 1995 Series A, of which $10,660,000 is outstanding, to refund a like amount of the 1993 Series B bonds. This 1,107-unit project receives Section 8 housing assistance payments, administered by the Corporation, for 222 units. This project was originally financed by bonds issued by the Corporation which have been redeemed.

(2) On December 27, 1993, the Corporation issued its $141,735,000 Multi-Family Housing Revenue Bonds (FHA Insured Mortgage Loan-Manhattan West Development), 1993 Series A, all of which are outstanding, to finance a portion of an FHA-insured construction and permanent mortgage loan for the Manhattan West Development, a 1,000-unit mixed income project, located in Manhattan.

(C) *Section 223(f) Refinancing Program*. The Corporation has the power to acquire mortgages originally made by the City, obtain federal insurance thereon and either sell such insured mortgages or issue its obligations secured by said insured mortgages and to pay the net proceeds of the sale of such mortgages or issuance of obligations to the City. Between 1977 and 1980, obligations in the aggregate principal amount of $488,859,800 were issued and secured by mortgage loans insured by FHA pursuant to Section 223(f) of Title II of the National Housing Act of 1934, as amended, of which $387,168,317.88 is outstanding as described below.

The Corporation issued $299,886,700 aggregate principal amount of its Multifamily Housing Limited Obligation Bonds (FHA Insured Mortgage Loans), in 58 series under a resolution adopted July 25, 1977, and issued $79,998,100 aggregate principal amount of such bonds in 15 series, under a second resolution adopted October 10, 1978, of which a combined total of $297,663,317.88 is outstanding. The security for each series of such bonds is the federally-insured mortgage loans financed thereby. Debt service on each series of bonds is paid only from monies received on account of the applicable mortgage loan securing such series, including, with respect to certain projects, interest reduction subsidy payments received by the Corporation pursuant to Section 236 of the National Housing Act ("Section 236"). The bonds, which are structured as modified pass-through obligations, were privately placed with certain savings institutions under bond purchase agreements dated as of August 11, 1977 and November 30, 1978, respectively, as amended. Two series of these bonds have been redeemed in full as a result of the prepayment in full of the mortgage loan securing the respective series.

On February 6, 1991, the Corporation issued its $103,560,000 Multi-Unit Mortgage Refunding Bonds (FHA Insured Mortgage Loans), 1991 Series A, of which $89,505,000 is outstanding, to refund bonds of the Corporation which had been issued to refinance eight multifamily developments. These bonds are limited obligations of the Corporation, payable solely from and secured by a cross-collateralized pool of FHA-insured mortgage loans, the revenues received on account of such loans and Section 236 subsidy payments.

On June 21, 1996, the Corporation commenced loan servicing of thirty-seven permanent mortgage loans with an aggregate outstanding principal balance of $225,369,031. These permanent mortgage loans are held by State Street Bank and Trust Company as trustee for the NYC Mortgage Loan Trust. In the case of thirty-one of these mortgage loans, each such mortgage loan is subordinate to one of the FHA-insured mortgage loans which secure certain of the bonds issued by the Corporation under its Section 223(f) Refinancing Program.

(D) *Housing Revenue Bond Resolution Program*. Under its Housing Revenue Bond Resolution Program the Corporation may issue bonds payable solely from and secured by the assets held under the Housing Revenue Bond Resolution which as of October 31, 1999 included a pool of 116 mortgage loans in the aggregate (which pool contained FHA-insured mortgage loans, SONYMA insured mortgage loans, GNMA mortgage-backed securities and other mortgage loans), the revenues received on account of all such loans and securities, and other assets pledged under such resolution and any supplemental resolution for a particular series of bonds. Certain of the projects, which secure a portion of the mortgage loans, receive the benefits of subsidy payments such as payments made pursuant to housing assistance payments contracts funded pursuant to Section 8 of the United States Housing Act of 1937, as amended, interest reduction subsidy payments funded pursuant to Section 236 and subsidy payments funded by the Housing Assistance Corporation, a subsidiary of the Corporation.

On August 12, 1993, the Corporation issued its $130,000,000 Multi-Family Housing Revenue Bonds, 1993 Series A and 1993 Series B, of which $118,490,000 is outstanding, to refund all of the Corporation's outstanding Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loans), 1979 Series A; its Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loans), 1983 Series A; its Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loans), 1983 Series B; and its Multi-Family Mortgage Revenue Bonds (FHA Insured Mortgage Loans), 1983 Series C.

On October 13, 1994, the Corporation issued its $6,500,000 Multi-Family Housing Revenue Bonds, 1994 Series A, of which $5,690,000 is outstanding, to finance permanent mortgage loans in connection with the rehabilitation of multi-family rental housing developments.

On August 3, 1995, the Corporation issued its $49,635,000 Multi-Family Housing Revenue Bonds, 1995 Series A, of which $24,810,000 is outstanding, to refund all of the Corporation's outstanding Multi-Family Housing Bonds (FHA Insured Mortgage Loans), 1985 First Series; its Multi-Family Mortgage Revenue

Bonds (GNMA Mortgage-Backed Securities), 1985 Series A; and its Insured Multi-Family Mortgage Revenue Bonds, 1985 First Series.

On September 10, 1996, the Corporation issued its $217,310,000 Multi-Family Housing Revenue Bonds, 1996 Series A, of which $180,695,000 is outstanding, to refund all of the Corporation's outstanding General Housing Bonds, Series A through G.

On June 19, 1997, the Corporation issued its $25,265,000 Multi-Family Housing Revenue Bonds, 1997 Series A and 1997 Series B, of which $24,055,000 is outstanding, to refund all of the Corporation's outstanding Multi-Family Housing Bonds (FHA Insured Mortgage Loans), 1987 Series A and Multi-Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities), 1987 Series A as well as to finance permanent mortgage loans in connection with the rehabilitation of eight multifamily rental housing developments, seven of which have been made as of January 31, 2000.

On October 15, 1997, the Corporation issued its $30,000,000 Multi-Family Housing Revenue Bonds, 1997 Series C, of which $28,720,000 is outstanding, to finance permanent mortgage loans in connection with the rehabilitation of approximately thirty-four multifamily rental housing developments and the new construction of one multifamily rental housing development, of which twenty-four mortgage loans have been made as of January 31, 2000.

On May 21, 1998, the Corporation issued its $57,800,000 Multi-Family Housing Revenue Bonds, 1998 Series A, all of which are outstanding, to finance construction and/or permanent mortgage loans in connection with the development of approximately nine multi-family housing projects, of which six construction loans and three permanent loans have been made as of January 31, 2000.

On September 24, 1998, the Corporation issued its $21,380,000 Multi-Family Housing Revenue Bonds, 1998 Series B, all of which are outstanding, to finance a construction and permanent loan in connection with the development of an assisted living facility located at 1261 Fifth Avenue in Manhattan, New York.

On March 3, 1999, the Corporation issued its $66,600,000 Multi-Family Housing Revenue Bonds, 1999 Series A-1 and 1999 Series A-2, all of which are outstanding, to finance construction and/or permanent loans in connection with the development of approximately six multi-family housing projects, of which five construction loans have been made as of January 31, 2000.

On August 18, 1999, the Corporation issued its $40,200,000 Multi-Family Housing Revenue Bonds, 1999 Series B-1 and 1999 Series B-2, all of which are outstanding, to finance construction and/or permanent loans in connection with the development of approximately 9 multi-family housing projects, four of which have been made as of January 31, 2000.

On September 16, 1999, the Corporation issued its $17,910,000 Multi-Family Housing Revenue Bonds, 1999 Series C and 1999 Series D, all of which are outstanding, in order to finance one construction and permanent loan in connection with the development of one multi-family housing development as well as to refund the Corporation's outstanding Insured Multi-Family Mortgage Revenue Bonds (Sheridan Manor Apartments), 1989 Series A and to refinance the Sheridan Manor Apartments project.

On January 31, 2000, the Corporation issued its $10,715,000 Multi-Family Housing Revenue Bonds, 1999 Series E, all of which are outstanding, in order to finance a construction and permanent loan in connection with the development of a senior residential housing facility located at 510 West 46th Street in Manhattan, New York.

II. DEVELOPMENT SERVICES PROGRAM. The Corporation commenced its Development Services Program in 1987, which program is funded by monies drawn from the Corporation's unrestricted reserves. The Development Services Program is comprised of eight subprograms: (1) the Construction Loan Program, (2) the Seed Money Loan Program, (3) the Project Management Program, (4) the Working Capital Loan Program, (5) the Tax Credit Bridge Loan Program, (6) the HPD Loan Servicing Program, (7) the Minority and Women-Owned Business

Enterprise Working Capital Loan Program and (8) the Participation Loan Program. The subprograms that were active on January 31, 2000 are described below.

Neither the monies used to fund the Development Services Program nor the projects funded by the Development Services Program provide security under the Resolution.

(1) Seed Money Loan Program. Pursuant to Memoranda of Understanding ("MOUs") with the City, acting through HPD, the Corporation has provided interim assistance in the form of an unsecured, interest-free loan to (i) the Neighborhood Partnership Housing Development Fund Company, Inc. in the amount of $2,250,000 to fund certain expenses associated with HPD's Neighborhood Entrepreneurs Program, and (ii) to Phipps Houses, in the amount of $297,000, and to 120 Gerry Street Housing Development Fund Corporation, in the amount of $164,800, both to fund certain expenses associated with HPD's 85/85 Program.

(2) Working Capital Loan Program. Pursuant to an MOU with the City, acting through HPD, the Corporation has agreed to provide up to $8,100,000 to fund 87 interest-free Working Capital loans to not-for-profit sponsors of projects sponsored by HPD through its Special Initiatives Program. The proceeds of such loans are used for rent-up expenses and initial operation costs of such projects.

(3) HPD Loan Servicing Program. The Corporation acts as loan servicer in connection with certain of HPD's construction and permanent housing loan programs pursuant to several agreements with HPD. As of January 31, 2000, the Corporation was servicing construction and permanent loans in the approximate face amount of $1,110,000,000.

(4) Participation Loan Program. The Corporation established a program to make mortgage loans in an aggregate amount not to exceed $7,700,000 for the rehabilitation of certain multiple dwelling projects pursuant to the provisions of Article XV of the New York State Private Housing Finance Law. The projects funded under this program are selected by HPD. The Corporation's loan for each project is made in conjunction with a loan from a private lender. Four loans have been made by the Corporation under this program.

III. AFFORDABLE HOUSING PERMANENT LOAN PROGRAM. The Corporation has established a program to make permanent loans for projects constructed or rehabilitated in conjunction with HPD loan programs. All of the loans under this program are expected to be financed by the proceeds of the Corporation's Multi-Family Housing Revenue Bonds, 1997 Series C and/or other monies of the Corporation.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the 2000 Bonds, Hawkins, Delafield & Wood, Bond Counsel, proposes to issue its approving opinion in substantially the following form:

NEW YORK CITY HOUSING
DEVELOPMENT CORPORATION
110 William Street
10th Floor
New York, New York 10038

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $53,000,000 Multi-Family Rental Housing Revenue Bonds (Related-West 89th Street Development), 2000 Series A (the "2000 Bonds") of the New York City Housing Development Corporation (the "Corporation"), a corporate governmental agency, constituting a public benefit corporation of the State of New York (the "State"), created and existing under and pursuant to the New York City Housing Development Corporation Act, Article XII of the Private Housing Finance Law (Chapter 44-b of the Consolidated Laws of New York), as amended (the "Act").

The 2000 Bonds are authorized to be issued pursuant to the Act and the Multi-Family Rental Housing Revenue Bonds (Related-West 89th Street Development) Bond Resolution of the Corporation, adopted February 14, 2000 (herein called the "Resolution"). The 2000 Bonds are being issued for the purpose of financing the Mortgage Loan (as defined in the Resolution) in order to refinance the Project (as defined in the Resolution).

The 2000 Bonds are dated, mature, are payable, bear interest and are subject to redemption and tender as provided in the Resolution.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the delivery of the 2000 Bonds in order that interest on the 2000 Bonds be and remain excluded from gross income for purposes of Federal income taxation. The Corporation has covenanted in the Resolution that it shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the 2000 Bonds shall be excluded from gross income for Federal income tax purposes. In rendering this opinion, we have assumed compliance by the Corporation with such covenant.

The Corporation is authorized to issue other Bonds (as defined in the Resolution), in addition to the 2000 Bonds, for the purposes and upon the terms and conditions set forth in the Resolution, and such Bonds, when issued, shall, with the 2000 Bonds and with all other such Bonds theretofore issued, be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

We have not examined nor are we passing upon matters relating to the real and personal property referred to in the Mortgage, nor are we passing upon the Loan Agreement, the Mortgage, the other Mortgage Documents or the Assignment (as such terms are defined in the Resolution). In rendering this opinion, we have assumed the validity and enforceability of the Loan Agreement, the Mortgage, the other Mortgage Documents and the Assignment.

Upon the basis of the foregoing, we are of the opinion that:

(1) The Corporation has been duly created and validly exists as a corporate governmental agency constituting a public benefit corporation, under and pursuant to the laws of the State (including the Act), and has good right and lawful authority, among other things, to finance the Mortgage Loan, to provide sufficient funds therefor by the adoption of the Resolution and the issuance and sale of the 2000 Bonds, and to perform its

obligations under the terms and conditions of the Resolution, including financing the Mortgage Loan, as covenanted in the Resolution.

(2) The Resolution has been duly adopted by the Corporation, is in full force and effect, and is valid and binding upon the Corporation and enforceable in accordance with its terms.

(3) The 2000 Bonds have been duly authorized, sold and issued by the Corporation in accordance with the Resolution and the laws of the State, including the Act.

(4) The 2000 Bonds are valid and legally binding special revenue obligations of the Corporation payable solely from the revenues, funds or moneys pledged for the payment thereof pursuant to the Resolution, are enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution.

(5) The Bonds, including the 2000 Bonds, are secured by a pledge in the manner and to the extent set forth in the Resolution. The Resolution creates the valid pledge of and lien on the Revenues (as defined in the Resolution) and all the Accounts (other than the Rebate Fund) established by the Resolution and moneys and securities therein, which the Resolution purports to create, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

(6) Pursuant to the Resolution, the Corporation has validly covenanted in the manner and to the extent provided in the Resolution, among other things, to finance the Mortgage Loan, subject to the requirements of the Resolution with respect thereto.

(7) The 2000 Bonds are not a debt of the State or The City of New York and neither is liable thereon, nor shall the 2000 Bonds be payable out of any funds of the Corporation other than those of the Corporation pledged for the payment thereof.

(8) Under existing statutes and court decisions, interest on the 2000 Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to the exclusion of interest on any 2000 Bond for any period during which such 2000 Bond is held by a person who, within the meaning of Section 147(a) of the Code, is (a) a "substantial user" of the facilities financed with the proceeds of the 2000 Bonds or (b) a "related person." Interest on the 2000 Bonds, however, is treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. In addition, under existing statutes, interest on the 2000 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

In rendering this opinion, we are advising you that the enforceability of rights and remedies with respect to the 2000 Bonds and the Resolution may be limited by bankruptcy, insolvency and other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to the general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We have examined an executed 2000 Bond and in our opinion the form of said Bond and its execution are regular and proper.

Very truly yours,

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